Austria ... Sch. 18	Indonesia .. Rp 2500	Portugal ... Esc 80
Bahrain .. Din.0.650	Italy .... L 1300	S. Arabia .. Rls 6.00
Belgium BFr.42	Japan Y550	Singapore . S$ 4.10
Canada ... C$1.00	Jordan ... Fils.500	Spain..... Pta 110
Cyprus ... C£0.80	Kuwait ... Fils.500	Sri Lanka ... Rup 30
Denmark .. Dkr.7.25	Lebanon .. £L 8.00	Sweden .. Skr 8.50
Egypt .... E£1.00	Luxembourg . LFr.42	Switzerland SFr 2.20
Finland .. Fmk 6.00	Malaysia .. Rin 4.25	Taiwan ... NT $85
France .. FFr. 6.00	Mexico .. Pes. 300	Tunisia .. Din 0.600
Germany . DM 2.20	Morocco .. Dh 6.00	Turkey .... L 210
Greece ...... Dr 70	Netherlands . Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway .. Nkr. 6.00	U.S.A. $1.00
India .... Rup. 15	Philippines . Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,717 Tuesday September 3 1985 D 8523 B

U.S. airlines: why predators are on the prowl, Page 14

World news

Hurricane forces 500,000 to flee

Hurricane Elena, which has forced more than 500,000 people in four U.S. states to flee their homes, swept ashore near Biloxi, Mississippi, causing widespread damage.

Tracing a course taken by some of the century's worst storms, Elena raked the beaches of Alabama and northwest Florida, then turned westward towards Mississippi and Louisiana. *Winds of over 100 mph*, torrential rain and tidal surges of 7ft caused extensive flooding.

As Elena ploughed westward, tens of thousands of residents huddled in emergency shelters along a 500-mile stretch of coastline from central Florida to New Orleans. Page 5

Honecker promises

East German leader Erich Honecker promised Bonn he would remove all remaining minefields on the inter-German frontier and ease restrictions on contacts between people of both states. Meanwhile, *former West German spy hunter* Hans Joachim Tiedge, who defected last month, wrote to Bonn saying he had changed side because of his "hopeless situation". Tiedge had drink and debt problems.

Pertini campaign

Former Italian President Sandro Pertini is planning to launch a campaign for the Socialist Party to improve its relations with the opposition Communist Party. Page 16

Rebel held

Portuguese police detained a suspected member of the left-wing guerrilla group FP-25 north of Lisbon and discovered a cache of arms and explosives.

Tanaka appeals

The Tokyo High Court began hearing an appeal by *ailing former* Prime Minister Kakuei Tanaka against his conviction for accepting $2m in bribes from Lockheed Aircraft. He was sentenced to four years in prison in 1983.

Banker killed

Ecuadorean banker Isaias Nahim died in a hail of bullets as police and troops stormed the hideout of his left-wing guerrilla kidnappers *in Guayaquil*. Page 5

Arafat aide wounded

Hussein al-Haybi, a prominent aide of *Palestinian* leader Yassir Arafat, was seriously wounded by unidentified gunmen at his home in the Ain al-Hilweh refugee camp near Sidon. Page 3

Pol Pot replaced

A possible break in the Kampuchean stalemate emerged when Pol Pot, head of the Khmer Rouge Government from 1975 to 1979, stood down as commander of the armed *forces* Page 3

Suppliers bombed

Bombs badly damaged the buildings of two West German computer companies in Dortmund and Hamburg, which are military contractors.

Bolivian strikes

Strikes crippled Bolivia as trade unions protested against tough economic measures aimed at halting an inflation rate of 14,000 per cent, the world's highest. Page 5

Royal soldier

Spain's 17-year-old crown prince Felipe began three years of military education at the Army Academy in Zaragoza.

England cricket win

England took the Test series against Australia 3–1, regaining the Ashes, when they won the sixth Test at the Oval by an innings and 94 runs. Australia were all out for 129 in their second innings.

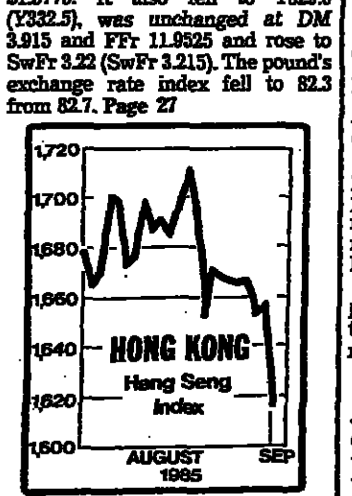
Business summary

DM 760m rights issue for BASF

BASF, West German chemical group, announced a one-for-14 rights issue to raise 760m DM ($271.4m) in a capital increase that mirrors the group's business expansion and the general improvement in the industry since 1982. Page 17

DOLLAR rose steadily on the London foreign exchange, closing at DM 2.8355 (DM 2.811), *FFr* 8.645 (FFr 8.585) and SwFr 2.3365 (SwFr 2.308) but eased to Y238.5 (Y238.8). On Bank of England figures the dollar's exchange index rose to 138.4 from 137.5. Page 27

STERLING lost 1.55 cents to the stronger dollar in London to $1.3775. It also fell to Y329.0 *(Y332.5), was unchanged at DM* 3.915 and FFr 11.9525 and rose to SwFr 3.22 (SwFr 3.215). The pound's exchange rate index fell to 82.3 from 82.7. Page 27



HONG KONG share prices were sharply lower in moderate trading, depressed by interest-rate rises and suspension of trading in Orient Overseas. The Hang Seng index fell 39.93 to 1,6156.17. Page 32

TOKYO shares edged forward although trading remained slow. The Nikkei Dow market average added 10.12 to 12,726.64. Page 32

LONDON equities closed largely steady. The FT Ordinary share index eased 0.4 to 1,013.5. Gilts were traded thinly. Page 32

AMSTERDAM Stock Exchange extended its trading time to 6½ hours for most listed stocks. Page 32

GOLD rose $1.25 on the London bullion market to $334.75 and $0.70 in Zurich to $334.75. Page 26

HONG KONG is to appoint external consultants to advise on the sale of the Hang Lung Bank, which the territory's government rescued after the bank's collapse in 1983. Financial Secretary Sir John Bremridge said the Government wished to sell the bank next year. Page 18

BORAL, the building materials concern, joined the tide of strong Australian results announced recently with a record net profit of A$117.6m ($82.3m). Page 18

SIME DARBY, the diversified Malaysian group, reported a 2 per cent fall in profits in the year to June 30, to 210.7m ringgit ($86m), despite first-time proceeds from acquisitions United Estates Projects and Dunlop Malaysian Industries. Page 18

ELSEVIER-NDU, Dutch publishers, lifted earnings in the first half to a healthy Fl 50.7m ($16m). The company said the 25 per cent improvement was mainly because of sales of English-language publications. Page 17

NORSK DATA, Norwegian computer group, reported profits more than doubled in the first half of 1985 to NKr 111.1m ($13.5m). Page 17

A UK COMPANY has bought the first option on a sterling certificate of deposit in a deal arranged by the money-broking subsidiary of Mercantile House. Page 17

DANISH shipping group J. Lauritzen, which suffered a loss of DKr 296m ($29m) in 1984, says it will make progress towards recovery but remain in the red this year. Page 17

SMH, Switzerland's leading watchmaking group, came under the control of a consortium headed by investor Mr Nicolas Hayek after the exercise of an option to acquire 51 per cent. Page 19

DE KOCK CUTS SHORT U.S. VISIT

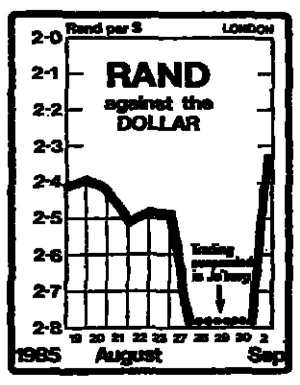
Economic moves in S. Africa spur recovery in rand

BY TONY HAWKINS IN JOHANNESBURG, PHILIP STEPHENS IN LONDON AND OUR FOREIGN STAFF

DR GERHARD DE KOCK, governor of the South African Reserve Bank, abruptly cut short his visit to the U.S. yesterday and prepared to return to South Africa, where economic measures announced on Sunday had earlier boosted the rand by 25 per cent.

News of his departure came too early to affect the foreign-exchange markets which opened yesterday after a four-day closure.

The rand rose from the pre-closure low of 34.80 U.S. cents to end the day at 45 cents. The equity market closed lower, however, with the Johannesburg gold share index *falling 5 per cent and industrials* down 1.4 per cent.



Dr de Kock's abrupt and unexpected departure from Washington provided further evidence that his mission to the U.S. in search of financial support for South Africa had not been a success.

Although there had been reports, *primarily out of South Africa*, that the central bank head would be meeting in Washington with both Mr Paul Volcker, the chairman of the Federal Reserve Board, and Mr Jacques de Larosiere, the managing director of the International Monetary Fund, there were doubts yesterday whether either meeting had taken place.

The State Department said that Mr de Kock had been expected to meet U.S. officials later this week but that it was unaware of any meeting having taken place.

South Africa wants to find a suitable intermediary through whom the Republic would negotiate its debt rescheduling.

With the reintroduction of the *two-tier* exchange-rate system yesterday, dealers quoted the financial rand, which is the vehicle for capital transactions, at around 37 cents – a discount of 18 per cent below the commercial rand rate.

The commercial rand's recovery met expectations. It reflected South African Reserve Bank intervention as Pretoria moved in to manage the rand float; and the removal of the destabilising influence of short-term capital flows, which are now channeled through the financial rand rate.

Dealers said that the main participants in the commercial rand market were South African exporters converting their dollar and other foreign exchange earnings into rands as quickly as they could, fearing that the rate might rise still further and trim their rand earnings.

Some dealers said the volume of *foreign exchange turnover had not* been great but others feared that there had been a geater volume of central bank intervention than they had expected. The rand opened in the 41 to 42 U.S. cents trading range, reaching a high point of 46 to 47 cents before settling around the 45 cents level at which it closed

In London, dealers reported only sporadic trading in the rand, with many non-South African banks traditionally active in the market *reluctant to deal in the currency*.

Officials at several banks said that there was still uncertainty about the status of some foreign exchange deals concluded with South African banks before the latest crisis.

Continued on Page 16

Pretoria's careful gamble; Miners' strike, Page 3; Lex, Page 16; Stock market report, Page 32

Komatsu to beat tariffs with European factory

BY JOAN GRAY IN LONDON AND CARLA RAPOPORT IN TOKYO

KOMATSU, the Japanese company that is the world's second largest manufacturer of construction equipment, has decided to build a plant in Europe in the wake of recent anti-dumping tariffs imposed by the EEC.

The comany is believed to have chosen the site of the former Caterpillar Tractor plant at Birtley, in North-East England, for its new factory. That employed 1,000 people on *making components* for earth-moving equipment before it was closed by Caterpillar in September 1983.

The new Komatsu factory – which would make components including cabins, buckets and counterweights for its diggers, excavators, bulldozers and dumper trucks – might employ between 100 and 500 people.

The plant will almost certainly be established as a joint venture

It is believed that successful co-operation with a British company was one of Komatsu's key requirements in the deal, which the company has been trying to keep secret to avoid carrying out negotiations, Nissan-style, in the glare of public lobbying.

The company said yesterday that it had not decided where to locate the plant or how big an investment it would make. It has, however, confirmed that it would like to invest in Europe. "It is necessary," a Komatsu executive said.

The company's sales to Europe have been suffering since the tariffs on Japanese hydraulic excavators were first imposed last March, when the EEC levied a provisional tariff o 26.6 per cent on Komatsu. That tariff was made definitive in July despite assurances from the Japanese that prices would be increased.

Japanese construction machinery makers currently hold about 40 per cent of the market in Britain.

Earlier this year, Caterpillar Tractor, the U.S. company that is the world's largest maker of con*struction equipment but has about* half its sales outside the U.S., joined other European producers – including Britain's J. C. Bamford, West Germany's Orenstein & Koppel and Liebherr, and Poclain of France – in complaining to the EEC about Japanese dumping.

Exports of Japanese construction equipment around the world have grown rapidly in recent years, with Komatsu expanding particularly

From 1977 to Februrary 1985, Ko*matsu's sales doubled to* $2.9bn while Caterpillar's have risen 13 per cent to $6.6bn.

Bank of Canada pulls plug on troubled Alberta institutions

BY BERNARD SIMON IN TORONTO

THE BANK of Canada, the country's central bank, has withdrawn support from two Alberta banks, Canadian Commercial Bank (CCB) of Edmonton, and Calgary-based Northland Bank, precipitating the country's first bank failure in 52 years.

Support *had been provided* in the form of short-term loans to the two banks since early this year.

Both institutions had a heavy exposure to the depressed property and energy sectors in western Canada. CCB also advanced sizeable loans to hard-pressed U.S. drilling rig operators.

Mrs Barbara *McDougall, Minis*ter of State for Finance, said: "It is clearly not in the best interest of our financial system as a whole to allow institutions to continue to function after they have ceased to be viable operations." Bank of Canada loans to the two banks have ballooned in the past seven months from zero to over C$1.8bn (U.S.$1.3bn).

CCB, with assets of C$2.7bn, was *rescued last March through* a C$255m bail-out package supplied by the Federal and Alberta governments and the country's six major banks.

The authorities rescued CCB amid concern at the impact of a bank failure on the reputation and stability of the Canadian financial system in the wake of well-publicised problems among U.S. institutions.

According to Mr Gerald Bouey, the Bank of Canada's Governor, the collapse of the two banks does not affect the overall soundness of the country's *banking* system. He repeated an earlier assurance that the central bank is "ready as always to provide liquidity if requested for any Canadian bank."

CCB's resources were drained by *a continuing flight of deposits*. It lost C$21.5m in the six months to April 30.

Northland Bank, with assets of C$1.4bn, has achieved a small profit so far this year. But the bank recently sold the bulk of its non-performing loans, equal to about 7 per cent of assets, to a trust set up by its senior management.

Genstar becomes major financial player, Page 17

C.Y. Tung unit kept afloat by HK $1bn credit line

By David Dodwell in Hong Kong

ORIENT OVERSEAS Holdings, the publicly quoted arm of the Hong Kong-based C. Y. Tung shipping group, yesterday announced that it had obtained a large new line of credit from its principal bank "to maintain the working capital position." Dealings in the company's shares have been suspended until further notice.

The line of credit, understood to be over HK$1bn (U.S.$128m) is being provided by Hongkong and Shanghai Banking Corporation and is likely to be drawn down in tranches, according to a statement by Hambro Pacific, which was appointed financial adviser to OOHL last Saturday.

Its financial difficulties, like those throughout the shipping industry took a sharp turn for the worse when Sanko, the Japanese shipping group, collapsed last month. One analyst commented yesterday: "It was bad enough before Sanko, but since its collapse there has been extreme nervousness in all quarters – from bunker suppliers to bankers and other shippers."

OOHL operates 55 ships and employs 5,000 people. Its main business is the Orient Overseas Container Line, which operates container liner services to 100 ports, and in the operation of container terminals.

It has also operated offshore drilling rigs, since its acquisition in April 1980 of Furness Withy, the British shipping group with significant interests in the North Sea offshore oil industry.

The company's difficulties are thought to focus in particular on the trading difficulties of some of the private shipping interests of Mr C. H. Tung, son and successor to the group's founder C. Y. Tung. The company said yesterday steps were being taken to separate the business and operations of OOHL and its vessels from that of the private group.

In 1984, OOHL earned after-tax profits of HK$167.8m. However, it also disclosed currency-exchanges losses of HK$451m, and extraordinary losses of HK$687m, most of those linked with provisions against the sale of ships and other shipping interests.

OOHL's direct exposure to the Sanko collapse was small. It is understood that just four vessels were on charter to Sanko. The group has four new container vessels nearing completion, although it is unclear whether charters have been found for them. However this was not thought to be a trigger leading to

Continued on Page 16

Thatcher drops two ministers in reshuffle

BY MARGARET VAN HATTEM IN LONDON

MRS MARGARET THATCHER, the British Prime Minister, last night reshuffled her Cabinet more drastically than had been expected. Two members were sacked, a third resigned and, in a move which took Westminster by surprise, Mr Douglas Hurd was appointed Home Secretary in place of Mr Leon Brittan.

The changes are seen as an attempt by Mrs Thatcher to revitalise *her Cabinet before next month's* Conservative party conference and as an indication of her concern at her Government's continuing slide in the opinion polls.

Those dropped from the Cabinet – Mr Patrick Jenkin, Environment Secretary and Mr Peter Rees, Chief Secretary to the Treasury – are seen as having failed to get government policy across effectively.

The three new members of the Cabinet – Mr Kenneth Baker, Mr Kenneth Clarke, and Mr John MacGregor – are all seen as good communicators. The third member of the Cabinet to leave, by voluntary resignation, was Lord Gowrie, the Arts Minister

The reshuffle – expected to be the last major one before the next general election – gives greater priority by the Government to an offensive *against unemployment, seen by the* opinion polls as the most important single issue.

Lord Young the present Minister without Portfolio, takes over as Employment Secretary with sweeping new powers and responsibilities. He will be aided by Mr Clarke.

Mr Hurd, who was Northern Ireland Secretary, is given a substantial promotion by being made Home Secretary – regarded as the third most senior post. But Downing Street last *night insisted* that the man he replaces, Mr Brittan, is not being demoted by his move to Trade and Industry Secretary.

Nevertheless, Mr Brittan is widely regarded as having been dropped from a post in which he has sometimes shown less than mastery.

Mr Brittan takes over from Mr Norman Tebbit who, as widely expected, becomes the Tory party chairman – seen as a key post in the run-up to the general election in the presentation of policy. Mr Tebbit replaces Mr John Selwyn Gummer, who is regarded as a more lightweight figure than the often abrasive Mr Tebbit.

Lord Young's predecessor at the Department of Employment, Mr Tom King, moves to take over from *Mr Hurd at the Northern Ireland of*fice. This is seen as Mrs Thatcher's determination to resolve conflicts within the Employment Department caused by Lord Young's own previous responsibilities for employment matters.

The activities of Lord Young who had been spearheading the Government's drive for job creation, have at times been in conflict with Mr King's efforts, causing friction and confusion. Lord Young will take with him to the department, the enterprise unit and the deregulation unit which he supervised in his former capacity. The department will also take over the responsibility for the small businesses division and sponsorship of tourism.

Mr Hurd's move from the Northern Ireland portfolio, just as negotiations between the British and Irish governments over the future of Northern Ireland reach their climax, is likely to be highly controversial.

The Irish Government, which has invested more political capital within the talks than may have been prudent, is likely to see the move as a snub indicating the low priority given to Northern Ireland by the British Government. For this is the second time this complex and sensitive portfolio has been reallocated in barely a year.

The appointment of Mr King may reinforce his belief, for he is seen as as loser in the battle at the Department of Employment and is believed to have been reluctant to accept the post.

Profile of Leon Brittan, Page 6; Editorial comment, Page 14

PRINCIPAL CHANGES IN TEAM

Leon Brittan to Trade and Industry from Home Office; **Douglas Hurd:** Home Office (Northern Ireland Office); **Norman Tebbit:** Chancellor of the *Duchy of Lancaster* and Chairman of Conservative Party (Trade and Industry); **Tom King:** Northern Ireland Office (Employment); **Lord** *Young: Employment (Cabinet* Minister without portfolio); **Kenneth Baker:** Environment (Junior Minister Environment); **John MacGregor:** Chief Secretary to the Treasury (Junior Minister Agriculture).

Leaving the Government: **Patrick Jenkin** (Environment); **Peter Rees** (Chief Secretary to the Treasury), **Lord Gowrie** (Chancellor of the Duchy of Lancaster, Minister for the Arts); **Adam Butler** (Minister of State for Defence Procurement); **Neil Macfarlane** (Parliamentary Under-Secretary of State, Department of the Environment, Sports); **Alex Fletcher** (Parliamentary Under-Secretary of State, Department of Trade and Industry).

CONTENTS

Passengers query French railway safety system

BY DAVID HOUSEGO IN PARIS

THE DRIVER of the Paris-Port-Bou train which crashed on Saturday with the loss of 43 lives, was reported to have said after the accident: "I had a blank; my mind was not there; I did not slow down."

There is still a mystery as to how an experienced driver, who had returned from holiday only five days earlier, could have ignored the warning signals that stared him in the face.

But after three serious accidents this year, costing more than 80 lives, French rail passengers were wondering yesterday whether the deaths were simply an unhappy coincidence or whether there was something more fundamentally wrong with the safety system of the SNCF (the French railways).

SNCF protests that it has a strong safety record, with only six serious accidents in 10 years, were beginning to wear thin. But not since the 1950s has the French rail network had such a bad year.

The three accidents this year have all been due to different causes. The collision at Flaugeac, central France, on August 3, which cost 32 lives, was the fault of a stationmaster who wrongly directed a train down a single line track. The SNCF recognised afterwards that the "warning" system could be improved to prevent any repetition.

The derailment of the Le Havre train on July 8, which cost six lives, was due to a lorry driver getting his vehicle stuck on a railway crossing.

On Saturday, there was no apparent reason why the accident should have occurred.

M Jean-Yves Brisset, 37, the driver, had 14 years' experience and the qualifications necessary to drive a high-speed train (TGV). He had an unblemished safety record, had returned from holiday on August 26, but admittedly his schedule was heavy in the closing days of the holiday season. He is said to have had some family worries, but no major problem.

After arriving at Gare d'Austerlitz in Paris on Friday evening, he had about 30 minutes to study the detailed route-map on the Paris-Port-Bou line, which clearly marked the works in progress at Argenton-sur-Creuse and the speed limits in force. He took a smaller version of the map with him.

Approaching Argenton, he saw a flashing signal at six minutes past midnight in the early hours of Saturday, which told him to slow down to a maximum of 30 kilometres an hour from the speed of about 100 km/h at which he was travelling.

He even turned off an alarm, which sounded at the same time in his cabin as he passed the signal. But he took no action to slow down the train.

It was only two kilometres later, when he saw a further signal warning him to slow down at once, that he responded. He then braked brutally on a corner – but could not stop the rear carriages from derailing. The SNCF says its equipment was working properly on the line. The Communist CGT union, strongest in the railways, has implied that M Brisset was tired in part because of additional pressures caused by cutbacks in the SNCF workforce.

James Buxton describes efforts to convince Rome of the need for naval air wing

Italy's admirals plot an airborne course

THE DESTINY of the Giuseppe Garibaldi, the proudest new addition to the Italian navy, has become a little less hazy in the past few weeks.

The Garibaldi, a 13,000-tonne through-deck cruiser, is presently fitting out at a shipyard near Trieste. She looks on outward appearance, like a mini-aircraft carrier, a smaller version of the Royal Navy's HMS Invincible of Falklands' conflict fame.

Under Italian law, however, the Garibaldi is not allowed to carry aircraft. So for the moment, she is destined to become just a helicopter carrier.

A few weeks ago, Sig Giovanni Spodolini, the Defence Minister, ended two years of brooding over the future of the Garibaldi and presented to Parliament a Bill which would permit the navy to create its own air arm. So the way could be open soon for the Garibaldi to become an aircraft carrier and for British Aerospace to attempt to sell Italy some Sea Harrier jump jets to go on her.

The Italian navy has been forbidden to operate aircraft since 1923, when Mussolini decreed that fixed-wing aircraft over a certain size were the preserve of the air force. The navy has always blamed this law for the fact that in the Second World War, its splendid battleships and cruisers had no air protection and were rapidly sent to the bottom by the British.

The navy has never given up the idea of reversing what it regards as an error of strategy. The admirals even persuaded the Defence Ministry to build the Garibaldi as a helicopter carrier; and convinced the Ministry that her line would be greatly improved if she also incorporated a modest ski jump, which just happens to be what VSTOL (very short take-off and landing) aircraft need.

Since the Garibaldi's fitting out began in 1983, the navy has stepped up its campaign to be allowed to put aircraft on her. Their main argument has been that the Italian navy can only be defended from air attack away from the Italian coast by means of carrier-borne aircraft.

The admirals say that without aircraft, the navy would not be able to perform its allotted Nato wartime role of protecting troop convoys from the U.S. as they passed through the Mediterranean.

The Italian airforce guards its monopoly ferociously. It claims it could defend the navy from airfields, possibly with the help of new aircraft and inflight refeulling to extend their range. During the recent public debate, argued that an aircraft carrier would make Italy too agressive and powerful, and therefore more likely to get into trouble with foreign powers.

Much of the Italian aircraft industry backed the airforce's line, realising that VSTOL aircraft would have to be bought from abroad with little chance of local assembly, using funds that would otherwise go to domestically-built aircraft.

Sig Spadolini has devised a Bill that appears designed to satisfy both sides. It would allow the navy to have an air arm, but would give the airforce responsibility for its organisation and its ultimate control. Under the proposed law, airforce pilots would be allowed on occasion to fly navy aircraft.

The Bill should be approved by Parliament within a few months. But Italy must then decided exactly what kind of aircraft it wants to buy and ask Parliament for the money to buy them.

The navy is convinced that the BAe Sea Harrier is the only aircraft appropriate for the Garibaldi. It would like to buy about 18, of which between five and eight might be installed on the Garibaldi at any one time, with the rest used for training and replacements.

However, McDonnell Douglas of the U.S. can be expected to press Italy to buy its own version of the Harrier, the larger and more expensive AV8B jump jet. The AV8B is designed as a ground attack aircraft, and does not have the appropriate radar for maritime use. Yet the U.S. company succeeded in selling the AV8B to Spain for use on the Spanish navy's aircraft carrier and could try to exploit its close ties with Aeritalia, Italy's leading aircraft manufacturer.

Britain should have the edge, however, not just because of the navy's preference for the Sea Harrier, but because it may be able to link a Sea Harrier purchase to its participation in other aerospace projects with Italy.

Westland of the UK is studying ways of developing the Italian Mongoose anti-tank helicopter, in collaboration with its manufacturer, Agusta. This could lead to joint manufacture and an order from Britain for the new helicopter, both of which would be very important to Agusta's future. Agusta and Westland are already building the EH101, a large naval helicopter.

The debate on the Italian navy's need for aircraft carriers could continue until the Defence Ministry receives parliamentary approval to place an order. By that time, Italy's small defence budget could be under even more severe strain than it already is, as several expensive defence equipment projects begin production.

Sig Maurizio Cremasco, a former air force general who is one of Italy's most distinguished military analysts, has questioned whether spending L600bn (£230m)-L800bn on Sea Harriers is the best use of Italy's defence resources and of its relatively small navy.

The navy sees the Garibaldi with its jump jets as just a first step to obtaining a fleet of several small aircraft carriers. As one seasoned observer of the Italian defence scene said: "The navy usually gets its way in the end. But, if it wants aircraft carriers it cannot expect the public to fork out for more destroyers and frigates as well."

A 13,000 tonne helicopter carrier, the Giuseppe Garibaldi, now fitting out near Trieste, has become the centre of a campaign by the Italian navy for parliamentary permission to create an air wing using Sea Harrier-type jump jets.

FINANCIAL TIMES

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

Problems rain on farmers in Ireland

By Our Dublin Correspondent

THE DISASTROUS summer weather has added to the woes of Irish farmers, many of whom are already in severe debt difficulties. Local farmers' organisations report panic selling of cattle because of the expected shortage of fodder this winter, and say I£200m (£161.3m) worth of cereal crops have been lost.

The latest difficulties could not have come at a worse time for the banks, which have been struggling to collect repayments from hard-pressed farmers. Substantial provisions against possible bad debts have had to be made, and bankers reckon up to I£100m of the I£1.5bn on loan to the agricultural sector may have to be written off.

The farmers' problems have focused attention on the Agricultural Credit Corporation (ACC), the state-owned bank established to encourage agricultural development by lending to farmers.

ACC was at the centre of a legal flurry earlier this month when it successfully halted publication of a Dublin business magazine containing an article critical of ACC's finances.

So concerned were ACC executives about the possible damage that they obtained a court order banning mention of the original court order. Later, they also prevented the magazine, Irish Business, publishing another article based on internal documents leaked to the magazine.

Guarantees

Irish journalists are still weighing the implications of those two rulings, but in the meantime ACC has revealed some details of its financial position. The bank's deposits are government - guaranteed, so there is no danger of a default. The question, however, is whether the Government will have to inject funds to maintain the bank's financial position.

ACC revealed that it had received I£4m in Government guarantees last year, which prevented it recording a loss. Executives insist that they will not require further state aid and that a vigorous programme of arrears collection will enable the bank to maintain profitability... without ... further Exchequer support.

It is too early to say whether the bad summer will significantly affect the ability of ACC customers to repay. The bank revealed that about 10 per cent of its loans, I£52m, are non-performing, with neither interest nor principal being paid. Another I£120m is in arrears to one degree or another.

ACC will have set aside I£25m in bad debt provisions. This figure had not been given before and its absence has been blamed for the rumours and speculation which culminated in the Irish Business article.

All Irish bankers agree that there are disadvantages in revealing provisions for the agricultural sector. It seems farmer clients are apt to badger the branch manager to have their particular loan included in the provisions.

If other banks' estimates prove correct, ACC might have to write off most of that I£25m eventually. ACC argues that its eventual write-offs will be lower, partly because of its relationship with the farming community, and partly because most of the loans are secured on mortgages.

Agricultural

Falling land prices because of the squeeze in the industry mean ACC must be careful of how much land it sells. The lower prices also mean that the actual value of the security is not as great as when the loans were taken out.

The crisis has its roots in the jump in agricultural prices and incomes after the Irish Republic joined the EEC in 1973. Many farmers borrowed heavily to increase output but this was often achieved merely through purchase of extra land, which at one stage reached the grossly-inflated price of more than I£3,000 per acre.

Since then, farmers have been caught in a vice: interest rates have risen, price rises from Brussels have slowed dramatically and, until recently, Irish inflation was soaring ahead of the community average.

The four main Irish banks are estimated to have made provisions of more than I£100m for the agriculture sector against bad debts to date, and provisions are likely to increase. They are not entirely happy about ACC's ability to call on government guarantees, especially as ACC is to be given powers to lend to the non-agricultural sector, including the area of home loans.

ACC would like to see the Government strengthen its capital base, which might avoid the need for what its chairman, Mr Oliver Malony, called "drip-feed" support. At present, ACC has to fork out I£1.3m annually to repay Government loans.

As farmers look for a I£20m rescue fund just to cope with this year's disaster, the Government may prefer to hope that ACC can struggle through with no more than a little help from its shareholder.

Spain angry over French car moves

By David White in Madrid

PRESSURE BY the French Communist-led CGT trade union on the nationalised Renault group to scale down its manufacturing in Spain in order to preserve jobs in France has provoked sharp reactions from Spanish unionists.

CGT members last week held up a trainload of components for the Renault factory at Palencia in north-central Spain and blocked the Champs Elysees in Paris with Spanish-made cars destined for the French market.

Local representatives of the Spanish Communist union, Commisiones Obreras, described the action against the Palencia plant, one of three Renault car factories in Spain, as a "blow below the belt." The Socialist-oriented UGT accused the French union of trying to mobilise electoral support more than to solve the crisis at Renault.

The company's Spanish subsidiary Fasa-Renault, which has remained in profit but which was unable to pay a dividend for last year, is already planning to cut 1,200 of its 21,500 jobs through voluntary redundancies, as a result of a sharp reduction in the number of cars sent to the parent group in France.

The row shows up the vulnerability of Spain's car industry on the eve of the country's entry to the EEC. Because of a weak domestic market, the industry has become increasingly reliant on its outlets inside the Community. Since last year, the six companies producing cars in Spain have been exporting more than 60 per cent of their total production.

Spain's role as a supplier has been challenged before, notably by British unions over the export of Ford and General Motors models.

Renault's car exports from Spain were cut back by 40 per cent last year and in the first five months of this year fell by a further 16 per cent, compared with the same 1984 period. Its production has dropped as a result, by 24 per cent in 1984 and by 15 per cent in the January-May period.

The share of output sent abroad has come down from 39 per cent two years ago to 27 per cent.

Pol Pot stands down as commander of Khmer Rouge forces

BY CHRIS SHERWELL, SOUTH-EAST ASIA CORRESPONDENT

A POSSIBLE break in the Kampuchean stalemate emerged yesterday when Pol Pot, head of the murderous Khmer Rouge Government from 1975 to 1979, stood down as commander of the party's armed forces which are fighting the Hanoi-installed Heng Samrin regime.

The unexpected move, described as a retirement by the Khmer Rouge radio monitored in Bangkok, was the second conciliatory gesture by the Peking-backed party in as many months. In July the party openly admitted that a future national government might have to include the Heng Samrin group and not itself.

Reaction from Hanoi, which has persistently ruled out talks with what it calls the "Pol Pot clique," seemed likely to be negative, however. Pol Pot's replacement as army chief, Son Sen, was Minister of Defence while in government and is a long-time associate of Pol Pot and Ieng Sary, another key Khmer Rouge figure.

The Khmer is presided over by Khieu Samphan, with Son Sen as vice-president. The tripartite resistance coalition of which it is a part is recognised by the UN as the legitimate government of Kampuchea, with former ruler Prince Norodom Sihanouk as its president and Sonn Sann, head of the non-Communist Khmer People's National Liberation Front, as Prime Minister.

The Khmer Rouge's move, presumably encouraged by Peking, appears to have surprised its two partners and their backers in the Association of South East Asian Nations (Asean), which group Thailand, Malaysia, Singapore, Indonesia, the Philippines and Brunei. Air Marshal Siddhi Savetsila, Thailand's Foreign Minister, welcomed the change when he heard of it

Asean has long sought a political solution to the Kampuchean question, starting with a withdrawal by Vietnam of its estimated 170,000 troops which invaded Kampuchea in December, 1978 and ousted the Pol Pot regime.

The Khmer Rouge move comes in advance of the next UN General Assembly session starting later this month, when the Kampuchea issue is likely to be discussed once again, and means that Hanoi will have to respond.

A Philippines mayor who means business

BY CHRIS SHERWELL, RECENTLY IN OLONGAPU, THE PHILIPPINES

DICK GORDON

DICK GORDON is the unlikely name of an unlikely mayor in an unlikely Philippines city. A fast-talking, diminutive bundle of energy who "likes telling stories," the 40-year-old politician is tipped by some to go places in this troubled country.

The city of which he is undisputed boss is Olongapo. It lies 100km west of Manila on Subic Bay, one of the world's great natural harbours, and is home for the U.S. Seventh Fleet. You might not guess it from the stunning array of colourful girlie bars and clip-joints bearing names like Cindy's or Baby's, but Dick Gordon's five years as mayor have cleaned up the town.

"In 1979, there were muggers, hookers, drunks and beggars walking the streets and garbage lying around," he says. "Not any more. Other cities want to see what we've done and how we've done it. We're ahead of the pack." Anyone who knows the Philippines knows he is not far wrong.

Part of the secret is Dick Gordon himself. Half-Filipino, half-American, he learned much of his politics from his father, James Gordon, a U.S. ex-serviceman who married a local woman, took out Philippines citizenship and became mayor of Olongapo. Brutally assassinated in 1967, his cause was taken up by his widow, Mrs Amelia Gordon, who also became mayor and is now a member of the national assembly for Llongapo, and latterly by his son.

Mr Gordon was elected in 1980 as a member of the ruling KBL (New Society Movement) party set up by President Ferdinand Marcos, and made it a priority to improve poor relations between the city and those running the U.S. naval base.

"The problems were the fault of both sides," he says. Now they are amicably resolved and Mr Gordon is an unblushing supporter of the facility and of Clark air base nearby.

Perhaps this is not surprising, for Subio is the focus of Olongapo life. The base employs 26,000 Filipinos, a tenth of the population and injects some \$216m (£155m) a year directly into the local economy. About 9,000 sailors and marines are in port at any one time and the the number increases when the fleet is home.

It is sometimes said that the workers of Olongapo know even before the U.S. Navy when a carrier is due. The navy acknowledges that Olongapo offers "some of the best liberty in Asia"—advertised by one local establishment as "the coldest beer and hottest girls in town."

Mr Gordon has banned strip-tease and live sex shows but is realistic about Olongapo's recreational role and insists on regular medical checks for the prostitutes.

What makes Dick Gordon and Olongapo interesting, however, is the way the city has advanced on other fronts. He has cajoled workers into associations and co-operatives to give them a sense of identity and a vested interest in what they do. He has tackeld corruption, made a virtue of leadership by example and demanded trust in return.

Ever optimistic, ever persuasive, Mr Gordon first organised the powerful local "Jeepney" drivers by colour-coding their cabs, giving each a number and pushing them to wear a simple T-shirt uniform. "They asked why they should do it, I told them their business would improve because the public would feel more secure. It has."

He went on to deal with foot-path and mobile vendors, who also now have identity and licence tags, and organised fiestas to raise money for a fund providing no-interest loans to city employees.

On corruption, Mr Gordon ("I don't take kickbacks") takes a hard public line. "I settle complaints against individual policemen myself, if necessary by suspending them. The point is, people now know this."

He also rewards policemen according to their efficiency. Not a fan of the Civilian Home Defence Force, the country's paramilitary forces, he is even trying a "neighbourhood watch" system to deal with crime. "I want ordinary people to be our eyes and ears."

Mr Gordon, to promote his ideas and boost support ("It's a 24-hour job") appears on a weekly programme on his own local station, runs an open house at weekends and regularly parades the streets greeting workers and residents.

His popularity is far from universal, as the ever-present armed bodyguards testify and, being a local politician, he is virtually unknown nationally, a minor figure.

However, Dick Gordon does not hesitate to voice his opinions. "Filipinos don't trust each other, but they don't want not to be trusted. Local leaders in our country have to win the trust of the people, and should themselves be trusted by those above."

Does he have bigger political ambitions? It is not something Mr Gordon openly admits to, although many predict he will outgrow Olongapo. "We'll have to wait and see," he says.

'Filipinos don't trust each other, but they don't want not to be trusted. Local leaders in our country have to win the trust of the people, and should themselves be trusted by those above'

OVERSEAS NEWS

Peter Montagnon assesses the implications of S. Africa's moratorium on debt repayments

Pretoria takes a carefully-planned gamble

THE FIRST of two major gambles taken by South Africa in declaring a four-month moratorium on debt repayments appeared to have paid off yesterday as the rand strengthened on the Johannesburg exchange market and international money markets greeted the news with relative calm.

Leading central banks had been bracing themselves *for* potential trouble in the markets as it became clear that South Africa was to be the first major sovereign debtor ever to announce a rescheduling of short-term borrowings in the sensitive international interbank market. Interbank borrowings — or money market finance raised by one bank from another — are normally excluded from reschedulings for fear of disrupting the core market on whose smooth functioning the world's financial system depends.

Their hope had been that the *marketplace* would *treat South* Africa as a limited and special case, lessening the risk of a contagious loss of confidence that might have disrupted money market business on a wide scale.

It will be some days before South Africa can be sure that it has got away with this particular gamble, especially since U.S. banks, which were in the forefront of those withdrawing short term credit from South Africa in recent days, were closed for yesterday's Labour Day holiday.

But in yesterday's relative market calm bankers were able to assess South Africa's other *gamble—that it could unilaterally* impose a rescheduling of a large part of its foreign debt while retaining access to enough international credit to *stave off the deep recession that* such a move would normally produce.

Only now, as the markets digest Pretoria's moves, is it becoming clear that they form part of a carefully planned strategy rather than a fumbled last minute response to the refusal of the international *community at large to extend* further credit.

South Africa has given itself a *four* month breathing space to come to a more permanent arrangement to reschedule the $12bn (£8.5bn) in short term debt that was weighing so heavily on its economy in the first place. The debt makes up more than two-thirds of its total $17bn foreign obligations.

Rather than set all the conditions of such a rescheduling itself, South Africa has found an alternative to the negotiating committee of leading banks that is normally formed to handle sovereign debt negotiations. The political background to its crisis means that no bank would wish to sit publicly on such a committee.

Instead South Africa will *appoint a senior individual* banker as an "honest broker" between itself and the banking community at large. This is seen as an important step because, *depending on the* calibre of the banker selected, it could make the rescheduling easier to sell to creditors generally.

While the moratorium is in *place over the next four months* South Africa will also be able to accumulate substantial foreign exchange savings because of its balance of payments surplus, now running at $2bn annually. These can be offered as a down payment of principal to sweeten the rescheduling proposals South Africa will eventually put forward through its debt mediator.

Indeed for such proposals to be accepted in the absence of a full International Monetary *Fund programme*, South Africa will almost certainly have to set a phased timetable for the prompt and full repayment of all its short term debt.

During the rescheduling South Africa can no longer expect to raise traditional bank credit. Indeed the moratorium will almost certainly deal a permanent *blow to the international* business aspirations of its own banks, who incurred much of the short term debt. But the details of Sunday's measures *point to a way in which other* options have carefully been left open.

The moratorium excludes, for example, export credit guaranteed *by foreign governments* and loans contracted through gold swaps.

Bankers believe that South Africa hopes to continue to keep credit flowing during the life of the rescheduling. Only if it can do so will it be able to finance an economic recovery while still paying back debt to commercial banks. Foreign suppliers may also extend credit, thus bypassing the banking system.

Initial reaction yesterday, *however, was that this is a tall* order given the volatile political background and growing international pressure for economic sanctions.

Banks are generally expected to bow to a rescheduling by South Africa, if only because most tacitly admit that the country has no other choice and because it will continue to pay interest.

But doubts were growing yesterday about how far South Africa *will* be able to raise alternative forms of credit in future. If central banks refused emergency finance, even at a time of potential risk to the *banking system, governments* are going to be hard put to it to provide long term export finance just to keep a unilateral rescheduling in place.

ICC opposes imposition of sanctions

By Robert Mauthner, Diplomatic Correspondent

THE International Chamber of Commerce yesterday issued a statement in London opposing the imposition of economic sanctions against South Africa, *while at the same* time advocating the "speedy dismantlement" of apartheid.

The ICC is convinced that the disengagement from South Africa of multinational companies would weaken the pressures towards further *change and* probably lead to the development of a siege economy in which the black community would stand to lose, the statement said.

"The ICC contends that the isolation of South Africa through the disengagement of international business would *encourage destabilisation*, not only in South Africa, but in neighbouring states."

Miners' strike set for widespread action

BY ANTHONY ROBINSON IN JOHANNESBURG

THE OFFICIAL strike by South African black miners which began on Sunday night seems set to be more widespread and unpredictable than first thought. Strikes broke out yesterday on several mines not included in the list of seven *gold and coal mines against* which the National Union of Mineworkers (NUM) threatened strike action.

Mines belonging to Gencor *and Gold Fields of South Africa* (GFSA) were the most seriously affected yesterday with over 6,000 black miners reported to be on strike at Gencor's new Beatrix gold mine in the Orange Free State.

Seven Gencor mines were *affected although earlier* the NUM indicated that it planned strike action on only three of the company's mines, the Marievale gold mine and the Matla *and Transvaal Navigation coal* mines. Gencor reported that tear gas had been used at two of its mines to break up large crowds.

The expected strike at GSA's Kloof gold mine did not materialise after mine management reportedly *isolated* a group of over 200 pro-strike activists after fighting on Sunday. Twenty-one workers were arrested on charge of public *disturbance. Instead, a strike* broke out at its Deelkraal mine, about 40 miles south-west of Johannesburg, where the NUM is not recognised and which was not on the list of seven targeted mines.

NUM officials estimated that over 20,000 workers had been on strike at 10 mines during the day. They also reported that 84 shaft stewards had been arrester, mainly at Kloof and Beatrix mines. Police reported *the arrest of only 25 people,*

Poor vehicle sales force staff cutbacks

BY OUR JOHANNESBURG CORRESPONDENT

SHARPLY LOWER vehicle *sales and a serious build-up of* stocks have forced two South African motor assembly groups to reduce staff or close their plants temporarily.

The continuing recession in the South African car industry has forced General Motors to retrench more men at its Port Elizabeth car plant while BMW *is to close its Rosslyn plant near* Pretoria for five weeks. The latest moves to reduce inventories come after a year of similar *action by the country's* 10 car manufacturers as sales slumped in the wake of the Government's deflationary policies, hire purchase restrictions and a *sharp cut in business* fringe benefits.

GM said this 8 per cent reduction in the labour force followed a 38 per cent fall in new *vehicle sales in the first seven* months of the year, compared with the same period last year.

In February this year, GM *laid off 425 workers but almost* all of them were re-employed in April and May.

Meanwhile, BMW said it will *close its Rosslyn assembly plant* in Pretoria for five weeks because of a growing build-up in unsold stocks. Some 1,400 workers will go without pay *while the plant is closed from* the end of this week until October 14. However, BMW said all the workers would be *re-employed when production* resumes, though it could not exclude the possibility of further staff reductions at a later date. The company *described the inventory build-up* as serious, saying that it more than 1,000 vehicles in stock. A second BMW plant in the homeland of Bophuthatswana, which *employs 200 people making* soft-trim for BMW vehicles, will also be affected.

Key Arafat supporter shot by rival faction

By Nora Boustany in Beirut

ANOTHER key supporter of Mr Yassir Arafat, chairman *of the Palestine Liberation* Organisation, has been shot and severely wounded in the continuing struggle between rival Palestinian factions.

Mr Hussein al Haybe, a senior security commander at the Ain al Helweh refugee camp outside Sidon in southern Lebanon, was the seventh prominent Arafat supporter to have been attacked in the area in the past two months.

Yesterday's shooting is certain to exacerbate the tensions between Palestinians loyal to Mr Arafat and the breakaway faction which has its headquarters in Damascus, *the Syrian capital.*

Sources in Damascus reported yesterday that the leadership of the breakaway group, which originally first challenged Mr Arafat in the autumn of 1982, had been expanded *from* six to nine members. Among the new appointments is said to be Dr *Elias Shoufani who becomes* "general commissioner."

Officials in Sidon, known for their close allegiance to the Damascus regime, have accused Mr Arafat of ferrying arms, men and material to the nearby refugee camps in an attempt to rebuild his guerrilla power base in south Lebanon.

The Shi'ite Amal movement has tried to keep a firm grip on security in south Lebanon and has prohibited Palestinian factions as well as extremist Shi'ite groups such as Hezbollah, the Party of God, from staging anti-Israeli activity in liberated territory. Israeli troops have retreated to a narrow border strip in a multi-stage withdrawal triggered by numerous hit-and-run and suicide attacks.

Mr Arafat's second in command, Salah Khalaf, known as Abu Iyad, told a Gulf newspaper that guerrilla camps set *up in Tunisia in 1982 in the* aftermath of the PLO evacuation from Beirut and south Lebanon have now been shut. Abu Iyad added that the *fighters from those camps* have been sent back to south Lebanon and Iraq.

Israeli Cabinet fails to agree on tactics to follow wage freeze

BY WALTER ELLIS

THE ISRAELI national unity Government failed again yesterday to agree on measures to follow the three-month freeze of wages and prices due to end in four weeks' time.

Mr Yitzhak Moda'i, the Finance Minister and leader of the small right-wing Liberal Party, has been trying for some time to persuade his Cabinet colleagues that controls on wages must be extended to the end of the financial year next March.

The Cabinet is divided between its Labour and Likud members, who yesterday said they would undertake informal contacts during the next few days in an attempt to narrow differences before the next Cabinet session.

Mr Moda'i fears that the ending of the three-month freeze could be followed by a spate of pay demands which could cut across his strategy of economic austerity.

However, the Histadrut trade union federation, which is both the largest labour organisation and the biggest employer in Israel, is resolutely opposed to any further *suspension* of wage indexation. It argues that its members, numbering more than 2m, have suffered enough as a result of the freeze.

It also *claims it was assured* by Mr Shimon Peres, the Labour Prime Minister, that no further wage measures would be permitted.

The linkage of wages to prices is a sacred tenet of Histadrut theology, even pre-dating the existence of the state, and Mr Moda'i is on record as believing *that his weakening of that link* is a major achievement.

Aware of this, Mr Israel Kessar, Histadrut's secretary general, is determined to demonstrate that government decree in labour relations is only temporary and he has demanded that unions and employers should open immediate negotiations on pay instead of bowing to wage-freeze legislation that has the look of permanence about it.

Morocco announces rise in price of basic foods

BY FRANCIS GHILES IN RABAT

THE MOROCCAN Government yesterday announced increases in the prices of a number of basic foodstuffs, the first for two years.

Mr Mohammed Karim Lamrani, the Prime Minister, stressed that the price increases were part of a broader policy aimed at improving the country's external financial position and was confident that they would be well received by the Moroccan people.

Sugar prices are to go up on average by 15 per cent, flour by 25 per cent and cooking oils by 15 per cent. It was also announced that minimum wages are to be increased by 10 per cent.

Morocco, in common with neighbouring Middle Eastern countries, is anxious to trim its budget deficit and contain the *cost of subsidising basic food*stuffs. However, it is also aware of the political unpopularity such measures have provoked in the past.

Morocco is meanwhile hoping to conclude before the autumn its long and arduous negotiations over the rescheduling of *its $13bn (£9bn) external debt.* It has been talking intermittently since September 1983 with the banks grouped in the Paris Club and the *International Monetary Fund.*

● Algerian President Chadli Benjedid met President Habib Bourguiba yesterday on the crisis between Tunisia and Libya *and promised* that Algeria would "always be at Tunisia's side," Reuter reports from Tunis.

The visit came amid signs of a slowdown in the expulsions of Tunisian emigrant workers from Libya, the cause of the dispute. Tunisia has accused Libyan leader Muammar Gaddafi *of massing troops on the* border and threatening to use force.

WORLD TRADE NEWS

EEC 'slow to end curb on trade in services'

By Christian Tyler, Trade Editor

PROGRESS IN breaking down the internal EEC barriers to trade in services had been disappointingly slow, Lord Cockfield, vice-president of the EEC Commission, said in London yesterday.

Liberalisation of financial services in particular would be a major step towards integration, he added.

A Commission directive co-ordinating the rules for investment in transferable securities such as unit trusts should soon be adopted, Lord Cockfield told a meeting of the London Europe Society.

Further ahead was the possibility of creating a European securities market with national stock exchanges linked electronically.

That required freedom of capital movement "dictated by the economic interests of the Community as a whole and and not by what are often mistakenly seen to be national interests."

That, in turn, meant reinforcing and developing the European Monetary System (EMS), the Commissioner said.

"We must remember that the monetary system is not simply a prerogative of governments. The people whose interests are most directly affected are not governments at all, but trade and industry.

"They have to generate the wealth. *Governments merely* dissipate it."

The welding of the separate economies of the Community into a single market was particularly important for Britain, which was "uniquely dependent on international trade."

Paris sees its stance on new round start to pay off

As talks go on to smooth the way to a high-level Gatt meeting, David Housego in Paris looks at France's attitude to a new round.

FRANCE HAS never shown much enthusiasm for a new round of General Agreement on *Tariffs and Trade* (Gatt) talks. But the Government now faces the prospect with a deal more equanimity after comforting itself that the summer has seen a rallying of opinion to positions that France has long defended.

The central point for the French is that a new conference makes no sense without prior agreement on an agenda and on the participation of the major developing countries such as India, Brazil, Egypt and Mexico. The French insistence on this was important in shaping the EEC position.

The Government now believes its point has become more generally accepted because U.S. pressure for fixing a starting date next year has stopped and the contracting parties to Gatt are pursuing diplomatic inquiries about timetable and content.

The French seemed isolated at both the Organisation of Economic Co-operation and Development (OECD) ministerial conference in May and at the Bonn seven-power summit in June because of their refusal to accept the fixing of a starting date and their insistence that trade negotiations must be accompanied by parallel progress on monetary reform.

The U.S. argument has been that without a firm date the Reagan Administration could not check the protectionist pressures in Congress. The French have never believed this was sufficient reason for a precipitate launching of a new round.

France has always feared that without adequate preparation, the opening of a conference could be followed by a long hiatus involving disputes over the agenda.

President Francois Mitterrand dug in his heels at the Bonn summit out of anger with the U.S. and the West Germans. France was angry with the U.S. because the Administration was giving such prominence to agriculture in a new Gatt round *under pressure from its cereal* exporters. The bulk of the EEC's annual 15m-20m tonnes of cereal exports come from France.

France was annoyed with West Germany because Chancellor Helmut Kohl appeared ready to accept the start of a new round on this basis, with the French effectively paying the price over cereal trade. West Germany was also refusing to lower its cereal prices as had been foreshadowed under EEC procedures.

On monetary reform, the French recognise that they believe much more strongly than Britain or West Germany in the need for parallel negotiations. But they claim that opinion in the U.S. is moving their way in that it is increasingly accepted that sharp currency fluctuations are damaging to trade. They have long had support for this view among developing countries.

In any case, French officials are ready to accept that the present monetary negotiations—through the Group of 10 and the interim committee of the International Monetary Fund (IMF)—to improve the workings of the international monetary *system—go* some way to meet their demands.

It would be surprising if the French put a spanner in the works of the trade negotiations because of dissatisfaction at the slow pace of monetary reform.

The apparent isolation of Paris over both the timing and the monetary issue probably gave an impression of greater aggression in the French position than in fact there is.

Mme Edith Cresson, the Minister of Industry and External Trade, certainly contributed to this with her blunt statements that as the U.S. wants a new trade round, it is up to the Americans to provide details of what should be discussed.

"We are not *demandeurs* (askers) in this affair," Mme Cresson liked to recall, putting the onus on the U.S. to come up with specific proposals.

In practice, however, the French now believe that many useful things could come out of a new round in the sense of further defining the rules of the game in world trade (voluntary restrictions, counterfeiting, safeguards, public procurement, subsidies, and on more precise issues of interest to France.

French officials think they can discern the outlines of a potential agricultural "peace" with the U.S. over cereal exports. They believe the U.S. has also come to realise that an all-out war over cereal exports with tumbling wheat prices and increasing appeals from farmers for budgetary support, would serve nobody's interests except the Soviet Union's.

They believe that the U.S. and the EEC will come to accept a ceasefire over the volume of wheat sales along the lines of the status quo, without clear signs yet whether this will be defined as market share or tonnage.

Such an agreement is vital for France as wheat sales are the equivalent to a third of energy imports. But officials say that it could as easily be reached in negotiations between the Commission and the U.S. as through the Gatt.

The French strongly share the belief of their European partners that new negotiations must be used to bring strong pressure on Japan to widen its frontiers.

They were disconcerted that at Bonn, where they think that Japanese trading practices should have been in the dock, press headlines were focused more on French quarrels with the U.S. They note with approval that pressure in the U.S. to be tougher with the Japanese is growing.

Some French officials take the view that special measures should be drawn up in a new round aimed at countries with a strong current account surplus but whose propensity to import is low.

France, unlike many developing countries, believes that services should be included in a single negotiation. But Paris does not believe that Gatt should be the sole organisation with responsibility for surveillance over service transactions.

Services include such a wide variety of topics—banking, insurance, tourism and dataflows—that each sector must be treated on its own, say the French. They do not believe that rules of the game can be drawn up which could cover the whole board.

The Government has long been hostile to a new round incorporating high technology. They believe that past U.S. and Japanese pressure on this issue would have in practice involved Europe adopting the same methods of financing its research as the other two countries, whereas the European approach is different.

They detect *that* U.S. pressure on this issue is weakening except in the telecommunications sector.

The previous articles in this series appeared on July 2, 12, 18, 24 and August 1, 9, 14 and 23.

Czech beer may be produced in West

By Mark Meredith, recently in Prague

CZECHSLOVAK beer could be produced in the West for the first time under licence if negotiations with Labatts, the Canadian brewers, are successful.

The Czechoslovak brewers' organisation in Prague is confident of the outcome of its extended talks with the Canadian concern. Labatts is Canada's second largest brewery and part of Brascan, the holding company for the Peter and Edward Bronfman group.

For some years, Czechoslovakia has been assumed to be reluctant to seek foreign licenced production for fear it *would* undermine successful exports in bottled beer such as Pilsner Urquell and Budweiser Budwar.

The Government had also fought an unsuccessful battle to stop foreign beers being called Pilsner—the beer which comes *from* the town of Pilsen or Plzen in Eastern Czechoslovakia, or Budweiser, which comes from the town of Ceske Budejovice.

According to Mr Vaclav Husak, director-general of the Czechsolovak Brewers and Malt Producers' organisation in Prague, the big export names would not be produced by the Canadians.

The name of the new beer has not yet been agreed but international trading conventions block foreign licences linked to city or town placenames.

Genscher signs DM 268m loan pact with Cairo

By Our Cairo Correspondent

HERR Hans-Dietrich Genscher, West Germany's Foreign Minister, *signed agreements* with the Egyptian Planning Ministry yesterday for soft loans to Egypt valued at DM268m (£68m).

Herr Genscher made a one-day visit to Egypt on the last leg of his Middle East tour and met President Hosni Mubarak and Prime Minister Kamal Hassan Ali.

The loans for 1985 are divided into DM235m in financial aid and DM33m in technical assistance. Of the totals, DM8m is a direct grant and the rest in soft loans. These have a 10-year grace-period.

Austrian bank holds China credit talks

CREDITANSTALT BANKVEREIN, Austria's largest bank, is negotiating a Sch 6.9bn (£252m) export credit line with the Bank of China, the bank said yesterday, Patrick Blum reports from Vienna.

The terms for the credit line have not yet been fixed.

Saipem in deal to double Iraqi pipeline capacity

BY JAMES BUXTON IN ROME

SAIPEM, the pipelaying and drilling subsidiary of ENI, the Italian state energy group, has won a contract to double the capacity of the Iraqi section of the oil pipeline connecting Iraq with the Mediterranean via Turkey.

It recently won a contract for the Turkish section. The *two contracts are worth about* L1,000bn (£530m).

With Iraq's oil tanker terminals closed by the war with Iran, *the pipeline is currently* the country's only means of exporting crude oil.

Iraq's pipeline to the Mediterranean via Syria is closed. Work is, however, taking place on a link from Iraq to the Saudi Arabian Transpeninsula *pipeline*, the terminal of which is at Yanbu.

Saipem is to build a 900-km line of 46-inch pipe alongside the existing pipeline. It will have the effect of raising the throughput of the pipeline to 1.5m barrels a day.

The contract is divided into two parts, one part with the Turkish pipeline company *Botas for the 600-km Turkish* section which terminates at Iskanderun, and one with the Iraqi company, Scop, for the 300-km Iraqi section which commences at Kirkuk.

Japanese, Thais in bid to set up diesel plant

By Boonsong K'Thana in Bangkok

THREE Japanese-Thai joint ventures and a Thai Peugeot-*licensee company are seeking* Thai Government approval to invest $148m (£105m) to produce diesel engines for pick-up trucks *in Thailand*.

The four are competing to win endorsement from the Board of Investment, the country's investment agency. Approval would give them import tax exemption and tax *holidays*.

Toyota Motor of Japan and Siam Cement Company (SCC), Thailand's largest industrial company, have teamed up to each hold a 40 per cent interest in a $38.82m venture to produce 24,000 engines a year.

Industrial Finance Corporation of Thailand and a Thai unit of Nippon Denso, which *makes vehicle air-conditioners*, share equally the remaining 20 per cent.

Isuzu, *Mazda* and Mitsubishi of Japan have through their local distributors, Tri-Petch Isuzu, Kamol Sukosol and Sittipol Motor, submitted a $43.21m plan to produce some 40,000 engines annually. The Thai partners will hold 90 per cent *stakes with the Japanese taking* the rest.

Nissan and its Thai distributor Siam Motor has proposed a $37.69m venture, taking 30 per cent and 70 per cent stakes respectively, to manufacture diesel engines.

Peugeot's local distributor Yontrakit said it would invest $29.66m to produce some 20,000 units a year of Peugeot 504 diesel engines. The project would be wholly Thai-owned, with technology and expertise *supplied* by the French vehicles group.

It is expected that three of the four projects will be approved by the Board of Investment later this year.

● Foreign pharmaceutical producers and importers in Thailand have called on the Government to introduce a patent law to protect their products against unfair competition and eliminate spbstandard drugs from the market.

Pan Am to use Airbus on transatlantic flights

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

PAN AMERICAN AIRWAYS will become the first airline to use the twin-engined European *A-300 Airbus* on regularly-scheduled transatlantic flights, when it starts daily services between New York and Shannon, Eire, on April 27 next.

Other airlines, such as Air Canada, El Al of Israel and Trans World, are already flying twin-engined airliners regularly across the North Atlantic between North America and Europe, but they all use the Boeing 767 aircraft.

Twin-engined transatlantic operations are of growing *interest to the airlines, for they* enable them to provide services to points where passenger loads do not justify the use of bigger four-engined Boeing 747s or three-engined Lockheed Tri-Stars or McDonnell Douglas DC-10s.

Extensive studies into the technical and safety aspects of twin-engined flying over long distances over water have been carried out by the International Civil Aviation Organisation (ICAO)—the aviation technical agency of the United Nations—as well as by the airlines and regulatory bodies such as the Federal Aviation Administra*tion and the* UK Civil Aviation Authority.

Most long-distance twin-engined over-water flights are conducted under the U.S. mandatory *rule that an airliner* must be no more than 60 minutes' flying-time at single-engined cruising speed away from a suitable airport.

The ICAO has a tougher rule, but which is a guideline only, that recommends twin-engined airliners over water should never be less than 90 minutes' flying time away from a suitable airport with both engines functioning.

There is some pressure in the airline industry for a new rule, *involving* 90 minutes' flying time on single-engine cruising speed from a suitable airport.

This would make it easier for *more* airlines *to fly longer* distances over water than at present. But some pilots' bodies and regulatory authorities are *reluctant to see such a change*.

Pan Am already flies extensively across the North Atlantic with four-engined 747s, and will be expanding those operations also next year, with new flights between Chicago and Frankfurt and Paris; between New York and Brussels and Milan; between Washington and Madrid; and between Los Angeles and San Francisco and Paris.

British start air-service negotiations with China

BRITISH negotiators, reported to be seeking more flights to China for British and Hong Kong-based airlines, opened air service talks with aviation officials in Peking yesterday, AP reports.

Under the Sino-British Air Services Agreement set up in 1979, China's state airline, CAAC, operates 59 flights a week to Hong Kong and London, while British Airways and Cathay Pacific have five flights to China.

The new Hong Kong airline, *Dragonair, heavily financed by* China, also hopes to launch charter flights to the mainland.

"Normally what one looks for is a degree of balance," Hong Kong's acting director of Civil Aviation, Mr Norman Latham, said last Thursday.

British officials said the talks at Peking's Ritan Hotel will last several days.

They follow last month's rejections, first in Hong Kong and then in Peking, of Dragonair and Cathay Pacific bids for new flights to Shanghai and Peking.

Hong Kong press reports said the talks may result in Peking *allowing more flights for British* Airways and Cathay Pacific, in return fo ra Dragonair foothold.

Greece rejects oil accusation

By Andriana Ierodiaconou in Athens

GREECE'S Energy and Industry Minister, Mr Lefteris Veryvakis, has rejected accusations by the North Aegean Petroleum *Company (NAPC), the* international consortium led by Denison Mines, that the Government is trying to force the re-negotiation of the terms of a 1975 licensing agreement by prohibiting new oil exploration in northern Greece.

There has been no blackmail from the Greek side," the minister told the Greek press on Wednesday.

NAPC is suing the Government over a ban on the drilling of a new exploratory well west *of the North Aegean island of* Thassos, within the concessional area defined by the 1975 agreement.

The Government, for its part, is accusing NAPC of lack of co-operation in negotiating some form of participation by the state-run Public Petroleum Corporation (DEP) in oil prospecting in the North Aegean.

NAPC officials say that they are willing to include DEP in the consortium, but not to re-negotiate the terms of the 1975 licensing agreement.

Austrians, Swiss win equipment order

ELIN-UNION, Austria's state-owned electrical engineering company, and Switzerland's Escher Wyss, have won a major contract for electrical and mechanical equipment for a $276m (£197m) hydro-electric power plant to be built in the Sierra Nevada, California, Elin announced *yesterday*, Patrick Blum reports from Vienna.

The company would not give the value of its contract for the *project saying* only that it had been won against very strong competition.

Hilti agrees to alter marketing practices after Brussels probe

BY PAUL CHEESERIGHT IN BRUSSELS

HILTI, the Liechtenstein tools manufacturer, has agreed to change its marketing practices in the face of competition investigations mounted by the *European Commission*.

The investigation started in response to complaints from Eurofix and Bauco, two British nail manufacturers.

The Commission said yesterday that it had accepted an undertaking from Hilti on supplies of magazines and nails for its power actuated tools, better known as nail guns, and was suspending its proceedings for an interim decision on Article 86 of the EEC Treaty. The article deals with the abuse of a dominant position in the market.

Interim decisions in this context are not unlike a British High Court injunction when action is taken to prevent damage to a party involved in a case. In the Hilti affair there was a danger of competition break*ing down in the trade for accesso*ries which can be used on Hilti tools, the Commission believed.

The problem arose because of Hilti's dominant position in the nail gun market and is a major supplier to construction sites in Europe. In the UK, the company has patent and copyright protection for the magazines used by nail guns, but not for the nails themselves.

Eurofix and Bauco alleged that Hilti was abusing its dominant positon by tying the purchase of magazines to the purchase of nails. There was a danger, it was charged, that they could be forced out of the market.

The Hilti undertaking to the Commission states that the company will not discriminate against companies who want to buy one or the other, but not both.

The case makes minor legal history because it is the first time the Commission has been prepared to accept an undertaking in place of giving an interim decision. It did this in the interests of speed. The investigation started on August 9 – it would be several weeks under normal practice before an interim decision would be given.

But a wider investigation is taking place into the panoply of Hilti marketing practices throughout the EEC.

'Cease trading' call in Sweden

BY DAVID BROWN IN STOCKHOLM

SWEDEN's Social Democratic Government said yesterday it would issue a non-binding recommendation that Swedish companies cease trading with South Africa in protest against its apartheid policies.

Several Swedish companies operating directly in South Africa also issued a *joint statement making* a general call on the Pretoria Government to eliminate apartheid.

Stockholm also plans to introduce legislation to ban trading in Krugerrands and prohibit purchases of fruits and vegetables from South Africa. It is also to begin an investigation into its dependence on South African minerals but has not banned the purchase of metals – mainly ferro-chrome alloys.

Swedish imports from South Africa for the first five months ending in May rose 57 per cent to SKr 236m ($28.3m). Of this, metals accounted for SKr 104m and fruit and vegetables for SKr 58m.

"The effectiveness of a boycott mounted by a single country is likely to be limited," said Mr Mats Hellström, Trade Minister, "but we hope to provide an example for other countries to do the same."

Sweden recently tightened its anti-apartheid legislation further limiting the ability of Swedish companies to invest in their South African subsidiaries.

AMERICAN NEWS

Reagan set to renew tax reform offensive

BY STEWART FLEMING IN WASHINGTON

PRESIDENT Ronald Reagan yesterday ended a three week convalescence from cancer surgery at his Californian ranch and flew back to face a series of political challenges whose outcome will have a decisive impact on the second term of his Administration.

The President was due to break his trans-continental flight to Washington at Independence, Missouri, hometown of former Democratic President Harry Truman, to launch what his aides are describing as his Autumn offensive in support of tax reform. The White House maintains the package is still the centrepiece of its domestic political agenda.

Few expect the tax reform plan to be passed this year and neither the President's political allies nor his Democratic opponents on Capitol Hill will permit the White House to use it to distract attention from what Congress sees as more pressing political priorities.

The President is generally perceived to be more effective when he can set the political agenda and take one issue at a time, but the wide range of controversial issues he faces seems set to make the next three months both arduous and acrimonious.

Mr Reagan enters the fray this month with a political team in the White House, led by Mr Donald Regan, which is still widely criticised as lacking political sensitivity and which is reportedly facing further defections by senior aides. This will only add to the doubts about how the President will cope with the burdens he faces.

The latest developments in South Africa and the mounting protectionist fever on Capitol Hill in the face of an unprecedented \$150bn (£107m) trade deficit will be high on the agenda when Congress reconvenes next week.

On trade, as with the budget, President Reagan has staked out a position which has already led to harsh exchanges not only with leading Democrats, but also with Republican leaders. Republicans are fearful that the White House is paying too little attention to next year's congressional elections when Republican control of the Senate is hanging in the balance.

The President has threatened to veto "protectionist" trade legislation and is warning that he will also veto farm and budget spending Bills which do not meet the White House's fiscal priorities.

On South Africa too the President is facing Senate passage of a compromise sanctions Bill at a time when there are fears that the financial markets' waning confidence in the white Government in South Africa has effectively undercut the Administration's policy of "constructive engagement"

Before the events of the past week it was widely predicted that President Reagan would veto a sanctions Bill. The White House still says that "constructive engagement" remains official policy but Washington now appears to be distancing itself from Pretoria.

Another formidable task ahead of the President is the forthcoming summit on November 19-20 with Mr Mikhail Gorbachev, the Soviet Premier. A recent interview in Time Magazine was a clear reminder that the Soviet Premier promises to be a formidable debating partner.

At home there are growing doubts about whether the U.S. economy will achieve the 5 per cent-plus growth rate in the second half of this year needed to meet the Adminstration's economic forecasts.

However many private economists still share the optimism expressed by Mr Donald Regan, White House Chief of Staff, who is quoted this week as projecting an upswing from the weak 2 per cent real growth in the second quarter and a 3-4 per cent rise in real GNP in the fourth quarter of this year.

Hurricane Elena batters Mississippi coast

BY WILLIAM HALL IN NEW YORK

HURRICANE ELENA yesterday swept ashore into southern Mississippi bringing with its 12 feet high tidal surges and 120 mph winds which pounded the coastal city of Biloxi.

The hurricane, which had been zigzagging across the Gulf of Mexico since late last week, suddenly whirled away from Florida's central gulf coast on Sunday and hit the coast of Mississippi. It caused official hurricane alerts along 500 miles of coastline stretching from Yankeetown, Florida, to New Orleans in Louisiana.

Winds of over 120 mph, torrential rain and tidal surges of 12 feet and more have caused extensive flooding, untold damage and led to the evacuation of an estimated 500,000 residents from the low lying coastal areas of Florida, Alabama and Mississippi.

Over the weekend Mr Bob Graham, Florida's Governor, ordered the largest evacuation of people in the state's history. He warned that "if the hurricane hits the Florida coast, coastal residents have only two choices. They can stay in their homes and face almost certain injury or death, or can evacuate immediately and protect their lives."

Local officials are particularly concerned because many residents who have moved into the low lying areas in recent years have never experienced a major hurricane.

The number of homes along the Alabama coast that could be in danger has doubled since the last serious hurricane, Frederic, hit the southwest. Billions of dollars of new hotels and shore line property have been constructed since Frederic devasted the Florida and Alabama coast in September 1979.

Some 13 people were killed by hurricane Frederic but it was the most costly hurricane to date doing over \$2.3bn of damage. The most deadly hurricane in terms of loss of life in recent years was hurricane Camille in 1969 which killed 256 people.

U.S. weather officials have upgraded Elena to a "major hurricane" ranking three on a scale of one to five—because its winds had exceeded 110 miles per hour. The last grade three storm in the Gulf of Mexico was hurricane Alicia which struck Galveston Island, Texas, in 1983.

The latest storm has followed an erratic course across the Gulf of Mexico first striking on New Orleans, then Pen Sacola, later the Florida coast north of St. Petersburg and finally on the Mississippi coast.

Since it first began stalking the south-west coast local officials have ordered police to use all their power of persuassion, short of arrest, to evacuate more than 1m residents.

Dr Richard Pfeffer, a hurricane researcher at Florida State University has warned that Elena's energy is "generally thousands of times greater than an atom bomb." There were reports yesterday that highways leading from the coast were jammed with fleeing local residents as people were driving as far as north Georgia to find vacant hotels.

Ecuador banker killed as troops hit guerrilla hideout

ONE OF Ecuador's leading bankers died in a hail of bullets yesterday as police and troops stormed the hideout of his leftist guerrilla kidnappers, ending a two-day siege, Reuter reports from Guayaquil.

Four guerrillas who were holding Sr Isaias Nahim in a two-storey house in this Pacific Ocean port also died, Sr Luis Chiriboga, Red Cross President said.

Sr Nahim died in hospital of chest wounds sustained after security forces blasted holes in the back and front of the guerrilla "safe-house" before dawn and stormed in.

The insurgents, who abducted Sr Nahim on August 7 and were demanding a \$5m (£3.6m) ransom, belonged to Ecuador's Alfaro Vive Carajo guerrilla movement, and to M-19, the most active guerilla group in neighbouring Colombia.

Sr Nahim, 54, owned Ecuador's second-largest bank, Filanbanco, and was a honorary president of the Republic National Bank of Miami.

Bolivian unions fight tough economic package

STRIKES crippled Bolivia yesterday as unions protested against tough economic measures aimed at halting the world's highest inflation rate, Reuter reports from La Paz.

The military command said half the country's troops were confined to barracks and ready to fight unrest if police, already on a state of alert, were unable to cope.

Labour unions called a mass rally in La Paz yesterday in protest at the measures, unveiled on Thursday by the three-week-old centrist government of President Victor Paz Estenssoro in a bid to curb an inflation rate of more than 14,000 per cent a year.

The moves, which effectively devalued the currency by nearly 95 per cent and froze public sector wages for four months, brought 10-fold overnight increases in food prices.

Miners were on the second day of a two-day nationwide strike yesterday and the national factory workers' union called out its members for 48 hours, union officials said.

Leaders of the powerful labour confederation are scheduled to meet today to decide on further action.

Borrowing by ECGD runs at £30m a month

BY ANDREW TAYLOR

THE EXPORT Credits Guarantee Department (ECGD) continues to borrow from the Government at the rate of £30m a month to meet cash-flow requirements. Borrowing from the Consolidated Fund stood at £521m at the end of July and is likely to rise further.

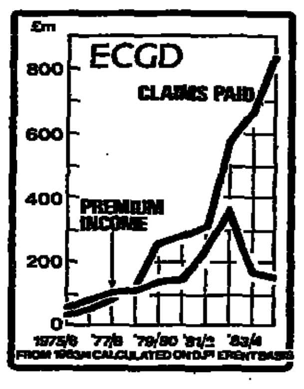
Mr Jack Gill, head of the state-owned export insurance agency, warned yesterday that the continuing effects of the recession and the international debt crisis were likely to affect adversely the department's results until the end of the decade.

Nevertheless, he said the department's trading position had improved. There was greater appreciation of the risks involved in some markets which had led to better quality business, at more realistic premiums, being won during the past 18 months.

Mr Gill was speaking in London at the launch of EGED's annual report, which showed the department's trading deficit had fallen from £148m to £9.2m in the year to March 31 1985.

The improvement mostly reflected a £134m fall in provisions against losses arising from claims made by exporters, in spite of a £160m rise in claims paid by the department to a record £834.9m.

Concern about the department's deteriorating financial position was expressed by Members of Parliament in a report published in July by the influential Public Accounts Committee. MPs suggested that "exporters seeking orders in countries with economic problems should bear a higher share of the risk of non-payment."



ECGD yesterday declined to be drawn on its attitude to requests for export insurance cover to Nigeria and South Africa following recent upheavals in the two countries.

Nigeria has been a source of particularly heavy losses to the department. In May ECGD announced increases in premiums affecting Nigeria and a number of other higher-risk areas.

This policy is unlikely to change in spite of assurances by the new Nigerian military rulers to follow more closely IMF economic guidelines which may help to improve the country's chances of rescheduling its debts.

South Africa is a different case. To date there has been no change in premiums and cover offered by ECGD which will now be closely watching events to see if the South African pledge proves correct that overseas trade will not be affected by the four-month freeze on loan repayments.

New NatWest loans

BY ANDREW GOWERS

NATIONAL Westminster Bank yesterday apparently sought to bolster its position in the competitive business of agricultural lending by launching a new loan facility for buying owner-occupied farmland

The facility, which allows new or existing customers to borrow between £25,000 and £2m for periods of up to 25 years, is believed to have been designed to match similar offers from rival banks and from the specialist Agricultural Mortgage Corporation which the clearing banks own jointly with the Bank of England.

Until now, NatWest's biggest facility in this field has been its Farm Development Loan, which can be stretched over 20 years but has a ceiling of £250,000. The new scheme, NatWest LandLoan, will carry an interest rate either linked to the bank's base rate or, for larger loans, a fixed rate or one linked to the money market.

Printers at Mirror agree to settlement

By Helen Hague

MIRROR Group Newspapers (MGN) was due to resume publication of its national daily The Mirror last night after acceptance by craft print workers of a settlement agreed between the group's publisher, Mr Robert Maxwell, and Mr Tony Dubbins, general secretary of the National Graphical Association (NGA).

It emerged, however, that the terms of settlement had caused concern among members of the print union Sogat '82 at MGN – particularly the 100 members traditionally employed on production of the Sporting Life title, a daily racing paper.

A key component of the NGA's agreement with Mr Maxwell is the imminent sale of the title, which loses money. Mr Maxwell said he expected to sell it within for weeks and has so far had six approaches. It will not be printed by MGN until the sale and Mr Maxwell said he would not allow the title to die.

It was NGA resistance to Mr Maxwell's determination to transfer typesetting of the Sporting Life out of the group's central London headquarters at Holborn that precipitated the dispute, which led to the suspension of all MGN's national titles for the past 12 days.

Mr Maxwell has now rescinded his announcement that none of the titles would be produced from Holborn because of the dispute. It is now clear that the statement – made on Friday night – was a negotiating ploy on Mr Maxwell's part.

In giving an undertaking to the NGA that the Sporting Life would be sold to outside interests, the union's policy remains intact of preventing newspapers produced under national agreements being transferred to plants where printers are paid less.

Mr Maxwell's declared intention to absorb the Sporting Life's 300 staff within MGN on a basis of no automatic replacement is acceptable to the NGA. However, it is against Sogat '82's policy.

Today Mr Bill Miles, Sogat's national newspapers officer, will meet Mr Maxwell to voice the concern of the union's membership over the implications of his agreement with the NGA.

Malcolm Rutherford on the new Trade and Industry Secretary

Misplaced beliefs about Brittan

MR LEON BRITTAN, whose move from the Home Office to the Department of Trade and Industry is one of the big surprises of the Cabinet reshuffle announced yesterday, is an acutely intelligent and very likeable man. Few people doubt the intellect – many have doubts about his attractiveness.

He is also frequently accused of being one of Mrs Margaret Thatcher's acolytes. Lord Annan said he had behaved like a "demented poodle" in seeking to ban a recent BBC programme on Northern Ireland at the Prime Minister's behest.

Lord Annan who headed an inquiry into the future of broadcasting seems to have been wrong. It was the Home Secretary who decided that the programme ought not to be shown, before Mrs Thatcher knew anything about it. He also went about the banning in a quite open way – no Establishment nudges behind the scenes.

Several other popular beliefs about Mr Brittan are wrong as well. His speech calling for the restoration of capital punishment for terrorist murders, which went down so badly in the House of Commons shortly after the last general election in 1983, was entirely his own work and in no way pandering to the Prime Minister. It reads much better than it sounded.

Nor is it true that he is particularly close to Mr Nigel Lawson, the Chancellor of the Exchequer, another senior Cabinet figure who is sometimes criticised in the City of London and the country for giving the Government a bad name. The two men see each other relatively seldom.

Indeed, when Mr Brittan was promoted to Chief Secretary to the Treasury and therefore entered the Cabinet in Mrs Thatcher's first administration, it was Mr Lawson, the older man, who had every reason to feel overlooked.

The latter remained Financial Secretary – outside the Cabinet – although he was the principal architect of the Government's economic policy through the medium-term financial strategy. There has been no great reconciliation since.

If Mr Brittan (who is 45) has faults, they are twofold. One is that he wears his ambition too openly on his sleeve. Few people can have been so absolutely determined to go into politics and to reach for the near top, and it shows. He was almost childishly delighted at becoming Minister of State at the Home Office when the Tories won in 1979.

The Home Office was a joy to him. Only recently he was saying that the firm understanding when he became Home Secretary was that he would stay until the next general election. He wanted to codify the criminal justice system as well as reform the prisons, even shocking his officials at the start by insisting on seeing the prison regimes at first hand.

The other fault is that he does not always come over well on television, although he can at times be devastating, having roughed up Mr Denis Healey, the senior Labour politician, in the 1979 election campaign. Probably it was a mistake to switch from spectacles to contact lenses.

Mr Brittan was an Edward Heath man, then a Thatcher man. What he has been all along, however, is a Howe man. Sir Geoffrey, the Foreign Secretary, has been his mentor – the background is similar: Cambridge, the Conservative Bow Group and the law. There were also shared holidays when Mr Brittan, still a bachelor, would stay with the Howes.

Until the last few years, the climb to the top had not been easy. He stood for the North Kensington constituency in London twice, in 1966 and 1970, and failed to be elected. Even in the last general election he was left without a constituency until the last few weeks because of boundary changes.

Today he must have two glad thoughts. One is that his move coincided with the England cricket team winning the Test series against Australia. He is mad about cricket and a member of the MCC. The other is that he has not yet been upstaged by Mr Norman Fowler, an old Cambridge rival, who always wanted the Home Office and who recently set his eyes on Trade and Industry.

From the Tory past, Mr Brittan's hero is Peel, not Disraeli.

GCHQ union-ban issue unites TUC

DAVID BRINDLE reports on the battle to avoid a split in conference ranks

A SPLIT in the Trades Union Congress (TUC) would betray the cause of defiant trade unionists at the secret Government Communications Headquarters in Cheltenham (GCHQ), Mr Norman Willis, the congress general secretary, told TUC conference delegates in Blackpool yesterday.

His clear warning to the Amalgamated Union of Engineering Workers and the electricians' union, EETPU, which risk expulsion from the TUC over the issue of accepting government money for postal ballots, came before delegates voted unanimously to reaffirm support for "a day of action" and further measures, including industrial action, in the event of any GCHO trade unionist being dismissed.

Mr Willis said: "If this battle is to be won, we need the electricity unions all together. We need the engineers in this congress and that means facing up to that situation, them and us."

The reaffirmation of support for the 100 or so trade unionists at GCHQ, where unions were banned by the Government 19 months ago, followed a move last month by Sir Robert Armstrong, head of the Home Civil Service, to begin disciplinary proceedings against some of the 38 staff said to have rejoined unions since the ban.

Six of the 38 staff were among a party of about 30 GCHQ trade unionists at the TUC for yesterday's showpiece debate. As senior TUC leaders had planned, the occasion united congress, bringing left and right together to threaten broad-based industrial action in the event of dismissals at the GCHQ base in Cheltenham and its outstations.

Mr Eric Hammond, the EETPU's general secretary, warned the Government: "Let them understand: Our union – moderate, reasonable, forward-looking – yes, yes, yes. But we will not quietly tolerate the Government treating our unions as the Polish Government did Solidarity."

EETPU officials had been summoned to Blackpool for a meeting today at which plans for a ballot on a one-day strike would be discussed. A membership-sampling exercise, developed during the union's political-fund campaign, had indicated widespread backing for action.

"I am more than confident our members, if required, will return a massive vote of support," Mr Hammond said.

This was echoed by Mr David Basnett, general secretary of the General, Municipal and Boilermakers' Union, who said the TUC general council had been asked to convene a planning meeting of all the electricity workers' unions this week. The TUC's reaction to dismissals at GCHO had to be "sure, certain, overwhelming," he told delegates.

Mr Rodney Bickerstaffe, general secretary of the National Union of Public Employees, said: "If they dare to move against one of (the GCHQ trade unionists) let us make sure the day of action is massive industrial action the like of which this Government has never seen before."

Ms Diana Warwick, general secretary of the Association of University Teachers, said the treatment of the GCHQ trade unionists was typical of the Government's approach. "Authoritarianism and repression seem to be spreading their ugly tentacles wider and wider throughout our society."

The stand taken by those defying the union ban, Ms Warwick added, was a stand also against the Official Secrets Act, censorship at the BBC, and erosion of academic freedom.

The Civil Service unions and a growing number of other unions are committed to holding a ballot on one-day strike action as soon as any dismissals are declared at GCHQ. This means a lapse of three or four weeks before action could be taken, although a lobby of parliament and a national demonstration are also planned.

Insurance specialist moves to Kitcat

THE MOVEMENT in personnel in London's financial community continued yesterday as it emerged that a market-maker at Smith Bros., the stockjobber, is to join stockbroker Kitcat & Aitken.

The market-maker, Mr Ken Rodrigues, who has specialised in dealing in insurance shares, is to develop the market-making in the same stocks at Kitcat & Aitken.

Mr Rodrigues is the latest departure from Smith Bros. Last month Smith Bros. lost its three-man textile team to rival market-maker Wedd Durlacher Mordaunt.

Kitcat & Aitken has been carrying out extensive recruitment. Kitcat, which has formed a link with Orion Royal Bank, the international merchant banking arm of Royal Bank of Canada, has recruited Mr Anthony White of Wedd Durlacher Mordaunt to head its market-making side in British government securities.

□ THE FOREIGN OFFICE admitted briefing the BBC External Services but said the briefings were needed to help prepare programmes and that similar information was available to other journalists.

The Observer newspaper had claimed on Sunday that the BBC received daily intelligence material, some of it highly classified. The BBC denied receiving secret intelligence material or that the Foreign Office influenced its programmes.

□ THE BBC should pull out of breakfast television and local radio and concentrate spending on proven successes – radio drama, light entertainment and music – Equity, the actors' union, argues.

Equity has also told the Peacock committee, which is looking at new ways of financing the BBC, that it is strongly opposed to the corporation carrying any form of advertising or sponsorship.

□ THE CIVIL Aviation Authority is considering revising its rules for monitoring safety checks on aero-engines, after the recent Manchester disaster in which 55 died when a Boeing 737 caught fire on take-off.

□ A PUBLIC inquiry into the future of the City Heliport on a barge moored in the River Thames near Southwark Bridge in London will be held at the City of London Guildhall next January.

UK NEWS

Halifax taps Eurobonds with £150m note issue

BY DAVID LASCELLES, BANKING CORRESPONDENT

THE HALIFAX Building Society, the UK's largest, will become the first to tap the Eurobond market. With a £150m note issue announced yesterday it intends to take advantage of a provision in the last budget which will permit building societies to pay interest gross to overseas investors from next year.

The issue, lead managed by Morgan Grenfell, consists of seven-year floating rate notes paying interest of ⅛th of a point above the rate for three-month sterling in the London inter-bank market.

The rate of interest will normally be adjusted every three months. But for the first six months, the rate will be based on six-month sterling to enable the Halifax to make the first payment on April 7 next year, the day the new budget provision comes into force. Investors will pay for the bonds on October 7.

Although the exact cost to the Halifax will not be known until that date, wholesale money has usually been a cheaper source of funds for the societies than high street deposits, although that varies.

Mr Richard Wheway, the Halifax's finance director, said yesterday that he was satisfied by the market's reponse to the issue, which was designed to lengthen the maturity of the society's wholesale funding. The effective average life of a domestic mortgage is seven years.

The fine terms obtained by the Halifax reflect the strong financial standing of the institution which has more than £20bn in assets and accounts for a fifth of UK building society lending.

There has been no prohibition on building societies using the Euromarkets to raise funds. However, the requirement that they pay interest net of tax barred them from a market where interest is paid gross.

Last March's budget lifted that constraint to give the societies greater funding flexibility. The new tax position has also been confirmed in a "letter of comfort" from the Inland Revenue to the Building Societies' Association.

Although the lower cost of funds from the international capital markets could exert slight downward pressure on society rates, the practical impact is expected to be small because of the limited capacity of the Eurosterling market to absorb many issues.

Eurobonds, Page 17

Tax rules 'crisis' for small businesses

By Our Financial Staff

SMALL BUSINESSES face a cash crisis as a result of the introduction of new penalties on late payment of value-added tax (VAT) and PAYE (pay-as-you-earn) income tax, according to a survey by London chartered accountants Chapman Wong. It says the new rules will lead to a cashflow crisis for these companies totalling nearly £3bn.

The firm says more than one in 10 of its small business clients rely for their cashflow on delayed payments to the Inland Revenue and to Customs and Excise (which collects VAT). While the Government clearly wishes to cut back on the delay in payments, Chapman Wong says many companies starved of this credit will have to retrench or go out of business altogether.

"While it is regrettable that delayed payment of VAT and PAYE have become an integral part of many smaller companies' financing, we must be aware that if this cashflow were wiped out at a stroke then literally thousands of small businesses would be at risk," said Mr Nigel Chapman, senior partner of Chapman Wong.

One service industry company in Chapman Wong's survey has an annual turnover of £400,000, a VAT bill of £12,000 to be paid quarterly, and PAYE and National Insurance payments of £6,000 due monthly. With a quarter of overdue VAT and three months of overdue PAYE and National Insurance, it is effectively receiving a steady £30,000 of financing from the tax collector.

Horizon cuts holiday prices

BY TONY JACKSON

HORIZON, the UK package-tour company, will cut prices on more than 100,000 winter holidays this year. At the same time, Iberia, the Spanish airline, has announced a range of low fares for winter travel to Spain.

The moves are part of an intensifying price war in the winter holiday market. In July, Intasun (now known as International Leisure) cut its winter prices. On the same day Thomson Holidays cut the prices of 400,000 winter holidays from the levels set a month previously.

In August the Rank Organisation followed suit, describing the price war between Intasun and Thomson as "dangerous and emotional." Again, Thomson announced further price cuts in its winter holidays on the same day.

Horizon's cuts, which range up to £37 on a seven-night stay in Benidorm, are claimed to result in some holidays being cheaper than last year. The company said: "The new prices now mean we match, or are cheaper than those of our closest competitors."

The cuts, which apply to winter sun and ski holidays, include fringe benefits such as free on-site car parking at UK airports. Horizon claims to be the second-largest tour operator in the winter-holiday market.

Winter holidays have traditionally been loss-making for many of Britain's tour operators. In Horizon's case losses increased sharply last year. In the six months to May this year, operating losses were £3.6m, against £930,000 in the previous year.

During the period, however, aircraft sales offset the losses.

International Leisure to buy four Boeing 737s

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

INTERNATIONAL Leisure Group (formerly Intasun) confirmed yesterday that it was buying four new twin-engined Boeing 737-300 aircraft at a cost of about $100m.

The aircraft will be powered by the Franco-U.S. (Snecma-General Electric) CFM-56-3B2 jet engines. The aircraft are for use by the group's wholly-owned subsidiary, Air Europe.

Air Europe is also selling a Boeing 737-200 to an American airline for $12.4m which will be leased back to Air Europe for next summer's season. The airline already leases two other 737s.

Mr Harry Goodman, chairman of ILG, said that the over-supply of seats in the UK charter airline industry was being steadily reduced.

Delivery of the four 737-300s is scheduled for the first three months of 1987, but ILG has options to cancel two of the aircraft if market conditions require.

● Air France has begun services from Birmingham's new international airport terminal to Paris, with daily weekday flights using Boeing 737 jets.

The Air France service offers both club and economy class. The flights will also carry cargo. Flight times are 17.20 from Paris (Charles de Gaulle), arriving in Birmingham at 17.25 (allowing for British summer time), and leaving Birmingham at 18.05, arriving in Paris at 20.05.

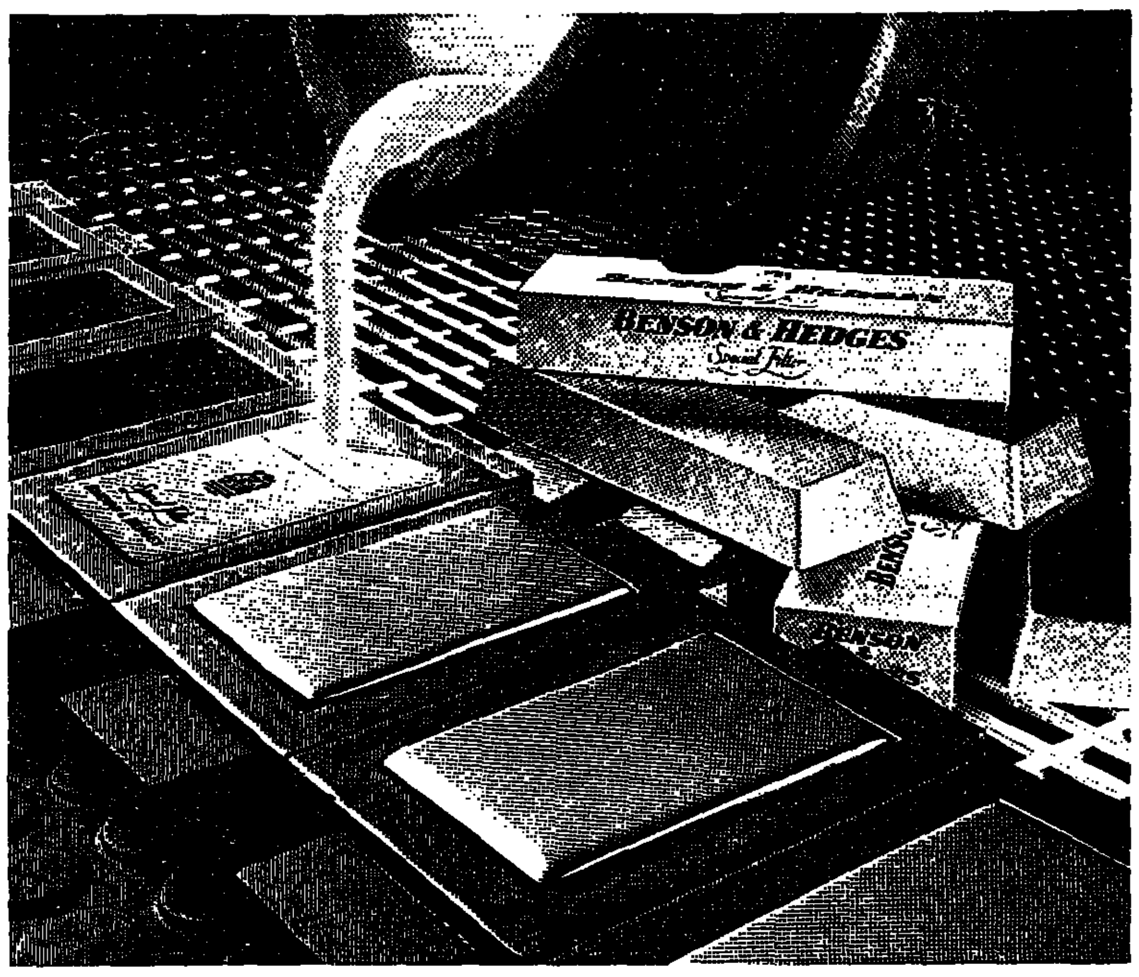
Birmingham is one of seven cities added to the Air France global network this year, the others being Aden, Bologna, Cologne, Salzburg, Sfax in Tunisia, and Washington.

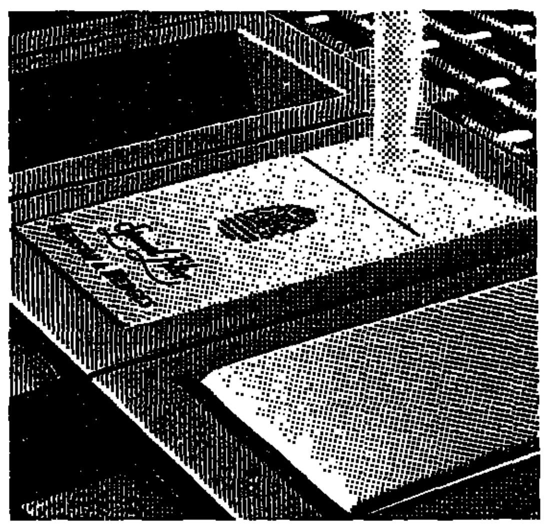
British Airways already flies regularly between Birmingham and Paris.

● Metropolitan Airways, a small independent airline based at Bournemouth on the south coast of England, flying scheduled services to UK provincial cities, has gone into liquidation.

A brief statement from the company yesterday said that, following an accountants' report on August 31 on the company's finances, a liquidator was being appointed. The liquidator is expected to be named today.

The airline, set up early in 1982, operates three Shorts 330 twin-turboprop 30-passenger aircraft and employs about 50 people. The network includes Manchester, Newcastle, Birmingham, Cardiff and Glasgow.





UK NEWS

GM seeks support of Vauxhall staff to counter criticism

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

GENERAL MOTORS, the U.S. group, is attempting to enlist the support of its 27,000 employees in Britain to combat damaging criticism of its UK production policy.

It has warned that if the campaign against its UK car company, Vauxhall, is successful, "it would threaten jobs in Britain rather than increase them."

To provide ammunition for its workforce, GM has told them it has spent £1.21m in the UK in the 10 years to 1984, a figure which includes making good losses totalling £368.4m during the period.

GM has made a profit in Britain in only one year in that decade – 1978 when it was in the black by just under £2m – and the inference is that, without that support from GM in the U.S., British jobs would be in jeopardy.

The group has also pointed out to employees that its component exports from the UK increased from £13.9m in 1974 to £101.9m last year.

Unlike Ford and BL, the state-owned group, GM in the UK operates a number of separate subsidiaries including Vauxhall, Bedford, GM Service and Parts Operation, AC Delco, Saginaw, AC Spark Plug, Delco Products, Terex, Fisher Body, GM Acceptance Corporation, Electronic Data Systems and Hughes Aircraft.

"As such it is difficult for the general public to understand the total contribution that GM makes in Britain," says Mr Eric Fountain, GM-UK public affairs director, in his message to employees.

"There is no doubt that the success of our cars has put pressure on the other manufacturers and, in particular, BL to the extent that there is a campaign developing against Vauxhall which centres on the UK and local content of the cars we build.

"The campaign ignores the fact that Britain is a member of the Common Market and that all Vauxhall vehicles are over 80 per cent European Community content."

Mr Fountain says: "The continuation of our success depends on Vauxhall remaining part of GM's European operations with the economies of scale that such a large volume base brings." (Vauxhall is linked with GM's West Germany subsidiary Opel in GM's passenger cars division).

"It is important that all employees take a pride in the company and positively support our products. They can do a lot to improve the atmosphere and correct public misunderstanding," he maintains.

GM has also been under considerable pressure from the UK Government to produce more cars in Britain and to improve the British content. Mr John Butcher, the Under Secretary for Trade and Industry and a critic of GM in recent months, pointed out last month that Vauxhall produced in the UK less than half the cars it sold in Britain. Even in those cars, the average UK content was only about 50 per cent.

Egon Ronay guide titles sold to AA

BY JOAN GRAY

EGON RONAY, scourge of the catering industry, pinpointer of greasy food and grimy hotels, has sold his hotel and restaurant guides to the Automobile Association (AA) for an undisclosed sum.

The first AA/Egon Ronay co-production will be the Guide to 500 Good Restaurants in Major Cities in Europe, which will be on sale in January next year.

The AA – which introduced its own star-grading classification scheme for hotels in 1911 – will continue to publish its own range of accommodation guides independently of the Egon Ronay guides, which will continue to bear his name.

Announcing the organisation's new acquisition, the AA's publications services director, Mr William Halden, said: "It will strengthen our influence in the eating-out field, which is becoming increasingly important to an ever more discerning public at home and abroad."

The 1986 editions of the existing Ronay annual guides – Hotels, Restaurants and Inns; Just a Bite; and Pub Food and Accommodation – will be marketed and distributed by the AA.

From 1987 they will be produced and published by the association, with Mr Ronay being retained as a consultant.

Ronay guidebooks sell around 200,000 copies a year, with a turnover in excess of £2m. They will retain their current format under their new ownership, with separate editorial and inspection staff.

Mr Ronay now plans to enter the field of cookery books.

Top buyers' pay rises lose ground to juniors

BY MICHAEL DIXON

SENIOR purchasing executives have lost ground to more junior buying staff in the earnings league during the past 12 months, says the latest pay survey by the Purcon management consultancy, published yesterday.

For purchasing staff as a whole, average total earnings – salary plus regular bonuses – is now £12,480, a rise of 10.2 per cent on the corresponding figure for September 1984.

But the same period saw an increase of only 4.4 per cent – from £22,323 to £23,300 – in the average earnings of the top buying executives, defined as "responsible for an annual spend of over £25m, a stock level of over £10m and over 30 staff."

The industry recording the lowest average pay for the most senior purchasing managers was general engineering with £20,875. Automotive and consumer-durable companies were next lowest with £21,883.

The highest payers on average were consumer goods companies with £24,920.

UK NEWS

Hard choice as rivals bid to set OTC rules

George Graham continues the series on self-regulation in the City of London

CANDIDATES for the task of regulating the over-the-counter market (OTC) are not hard to find. The harder task for the Securities and Investments Board will be choosing between the rival bodies, each of which of sees itself as the appropriate regulatory organisation for this sector of the City.

The over-the-counter market, an amorphous group of dealers trading in shares outside the Stock Exchange, is too young to have acquired any traditions of self-regulation, but there are already two organisations developing their own regulatory frameworks.

The first, and in some ways the establishment candidate, is the National Association of Securities Dealers and Investment Managers (Nasdim). It has built up a large membership, but one mostly composed of insurance brokers and investment advisers. Few of Nasdim's members are actively engaged in the OTC market.

Its founder member, Granville & Co, operates an OTC market, but this is conducted only on a "matched-bargain" basis, pairing buyers with sellers. The association, however, also includes Hill Woolgar, which makes a full OTC market, acting in the same way as a stock exchange jobber by holding its own lines of stock and taking profits on the spread between buying and selling prices.

Nasdim is producing a set of regulations for OTC market, to go alongside its existing rule book, and hopes to be able to publish them by the end of the year.

Nasdim proposes to set up a committee to supervise the initial OTC regulations and adapt them to developments in the market.

The bulk of the regulations now under discussion relate to the process of bringing a company's shares on to the OTC market, to ensure listing requirements are adequate to protect investors without making the OTC market, to ensure listing requirements are adequate to protect investors without making the OTC too expensive a method of raising capital.

The regulations also deal with market-makers' own capital reserves and with reporting prices and dealings. Although these sections are less detailed than those covering listing requirements, Mr John Grant, Nasdim's chief executive, feels they may in the end come to be more significant regulatory tools.

Paying for the staff necessary to police the market will require an additional levy from market-making members, in addition to the usual Nasdim dues; and it will probably need a separate compensation fund to protect investors against the collapse of a member firm.

The rival organisation is the British Institute of Dealers in Securities (Bids), which includes three of the leading OTC market-makers, Harvard Securities, N.K. Cosgrave and Cleveland Securities. Unlike Nasdim, however, Bids is not recognised by the Department of Trade and Industry as a regulatory association under the present laws, and its members must still seek individual licences to deal in securities.

One possible way round this problem might be for Bids to take over the Association of Stock and Share Dealers, which is – like Nasdim – officially recognised as a self-regulatory organisation but which was described as long ago as the Wilson report of 1980 as moribund. However, Mr Roger Baden-Powell, chairman of Bids, is less enthusiastic about the idea now than he was nine months ago.

Bids has its own rule book and a recently published code of conduct, governing liquidity requirements, listing particulars and dealing arrangements. It is also collecting funds to establish a compensation fund in the event of a member's collapse. But members acknowledge it needs a full-time investigative accountant to police the code – a difficult cost to bear for only six members.

Bids has so far held only exploratory talks with the Securities and Investments Board (SIB), but it is adamant it should be chosen as the self-regulatory authority for the sector.

"We have the experience of OTC market-making and are best able to regulate it efficiently," says Mr Tom Wilmot, chairman and chief executive of Harvard, which now carries out around 2,500 bargains a week in 85 OTC stocks, as well as stock exchange listed shares like Britoil and British Telecom.

Nasdim's Mr Grant says the group has had several possible models to follow, including the Unlisted Securities Market, run by the stock exchange, and the operations of Nasdim's own market-making members.

He contents himself with pointing out that licensing directly by the Department of Trade and Industry, the route followed at present by Harvard, may no longer be an option when the new legislation comes into effect.

Mr Wilmot's reservations about Nasdim are shared by Mr Tony Prior, managing director of Prior Harwin, another leading OTC market-maker. "The first thing a self-regulatory organisation needs is an understanding of the market, which unfortunately Nasdim lacks at the moment," he says.

But Mr Prior will not back Bids in its present form. In fact, Prior Harwin resigned as a Bids member last November, feeling the institute was too heavily dominated by Harvard and that it was proving inadequate for the task of policing its members.

This leaves Mr Prior with a problem, since he views it as important that any self-regulatory authority should cover the whole of the OTC market.

In the end, most market-makers will join whichever organisation the Securities and Investments Board gives its blessing to.

Nasdim itself can testify to the beneficial effects of official approval. Its membership soared once it had gained recognition as a self-regulating organisation in November 1983.

The SIB has made it plain that it does not wish to have many self-regulatory organisations reporting to it. It has also indicated that the option of registering directly with the board without belonging to one of the subordinate bodies will be made expensive.

Nevertheless, some market-makers like Mr Prior and Mr Wilmot feel so strongly that Nasdim is the wrong organisation to regulate the OTC market that they would not go along with an SIB decision in its favour.

THE ARTS

Galleries/William Packer

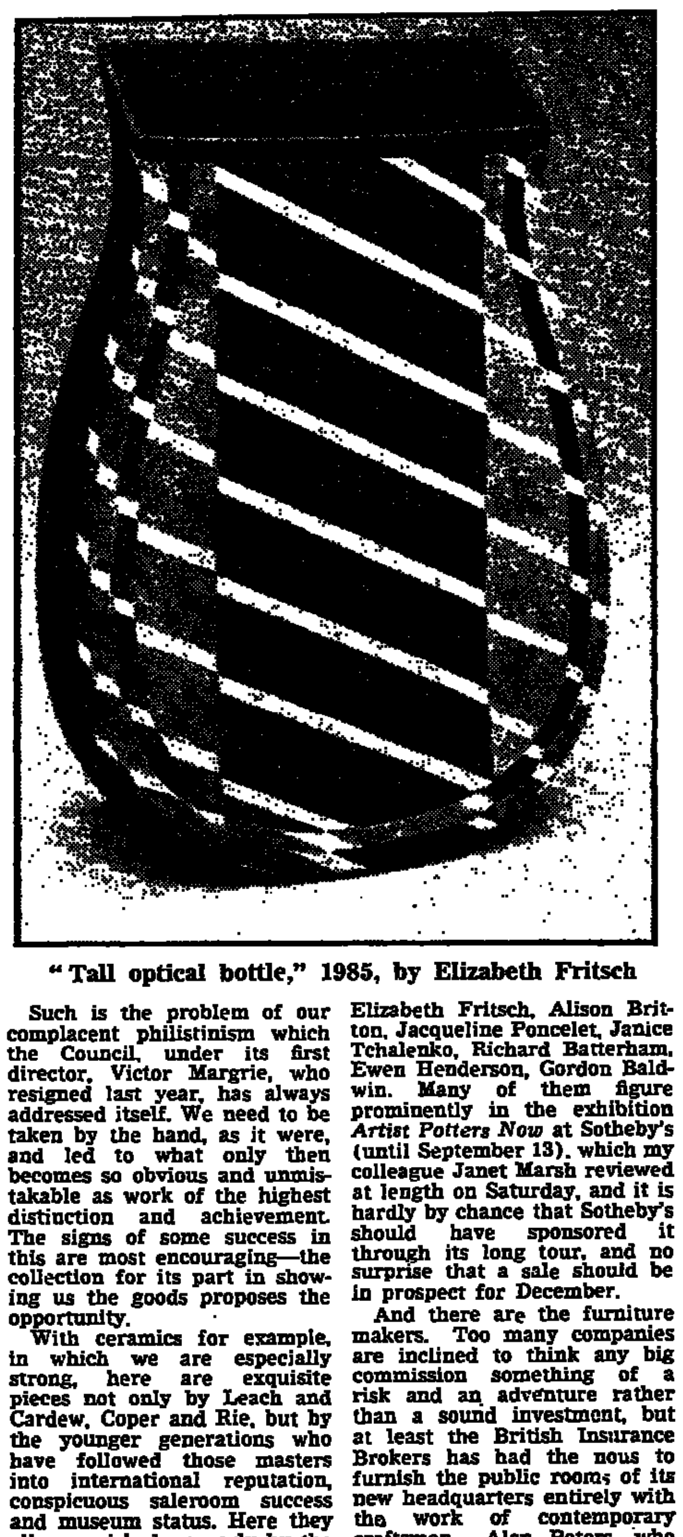
The art of fine craft

The Crafts Advisory Committee was set up in 1972 under the aegis of the Design Council with the intention of celebrating the practice and encouraging the development of Fine Craft. In its evolved form as the Crafts Council, complete with Royal Charter and independent subvention from central funds, it flourishes. I must say at once, in declaring my interest, that as a serving member of the Council for five years I am more than ever convinced of the value of the work it does.

Throughout its short life the Council has been putting a little of its money into the purchase of exemplary pieces by the finest contemporary craftsmen, whom it chooses to call "makers" to sidestep the niceties of verbal discrimination of profession and sex. Thus little by little it has built up a substantial and comprehensive body of work that amounts to some 750 items; and *A Collection in the making*, the exhibition that fills the Council's galleries in Waterloo Place, Lower Regent's Street (until September 15, Mondays excepted), puts it on public display in its virtual entirety for the first time.

It offers both surprise and justification: surprise perhaps to many people who cannot have suspected we were so rich in contemporary talent, and that talent so variously expressed. The whole gamut of the craftsman's art is run, from bookbinding to weaving — pots, baskets, jewellery, furniture, lettering, metal work, glass, wood, musical instruments, clocks, textiles, silver — with particular quality and unique consideration evident at every point. We may not wish every piece for ourselves, but the balance is an emphatic reproach to the timid, the mundane and the mass-produced. The justification falls in consequence upon this simple demonstration of the Council's *raison d'être*.

For even now Craft remains a term not pejorative exactly but certainly dismissive in some degree, and to qualify it at all as Fine no more than an affected and suspect irrelevance. The general sense is still of occupational therapy, worthy hobby, or the mere product of the artisan, the stuff of the part-time evening class or the stall at the fair. That in its contemporary practice Craft might also represent the still lively tradition of those many disciplines whose products fill the great museums and collections of the world seems not to register too widely.



"Tall optical bottle," 1985, by Elizabeth Fritsch

Such is the problem of our complacent philistinism which the Council, under its first director, Victor Margrie, who resigned last year, has always addressed itself. We need to be taken by the hand, as it were, and led to what only then becomes so obvious and unmistakable as work of the highest distinction and achievement. The signs of some success in this are most encouraging—the collection for its part in showing us the goods proposes the opportunity.

With ceramics for example, in which we are especially strong, here are exquisite pieces not only by Leach and Cardew, Coper and Rie, but by the younger generations who have followed those masters into international reputation, conspicuous saleroom success and museum status. Here they all are, picked up early by the Council and followed closely through their first maturity: Elizabeth Fritsch, Alison Britton, Jacqueline Poncelet, Janice Tchalenko, Richard Batterham, Ewen Henderson, Gordon Baldwin. Many of them figure prominently in the exhibition *Artist Potters Now* at Sotheby's (until September 13), which my colleague Janet Marsh reviewed at length on Saturday, and it is hardly by chance that Sotheby's should have sponsored it through its long tour, and no surprise that a sale should be in prospect for December.

And there are the furniture makers. Too many companies are inclined to think any big commission something of a risk and an adventure rather than a sound investment, but at least the British Insurance Brokers has had the nous to furnish the public rooms of its new headquarters entirely with the work of contemporary craftsmen. Alan Peters, who won the commission, has also persuaded Postel, the British Telecom pension fund, to take another splendid boardroom table, chairs and sideboard. Richard la Trobe Bateman is another furniture maker well represented in the collection who has won important corporate and institutional commissions, and so too Fred Baier and Floris van den Broecke.

But it is invidious to dwell too much on particular names, for the point of the collection is its consistent quality across the whole range of disciplines, and who is to say you would not rather commission a basket from David Drew or Lois Walpole, a turned bowl from David Pye or a trencher from Jim Partridge, a carved mirror frame from Howard Raybould, a metal gate from James Horrobin, a tapestry from Mary Farmer or fine new binding from Faith Shannon?

Quite what will happen to the collection as it grows over the years is unclear, for grow it must, for the Council is particularly well placed and informed to buy early in the judicious anticipation of later reputation . There is no permanent home for it; nor should there be perhaps, for it is a study collection, supplying particular loans and special exhibitions but no permanent display. Whether the Council should set a period to its interest, and cede its holding to a more disinterested national institution remains an open question.

These are changing times for the Council, sailing into choppy financial water under a new director, David Dougan, with the old familiar landmarks of our art world by no means sure to stay quite where they are under the present dispensation. But whatever the uncertainties, its problems are in large measure the creatures of its record and success: disciplines have been recognised, standards set, individual achievement marked, an entire constituency colonised that lies between Fine Art and Applied Design, its borders a little blurred here perhaps, debatable there, but overall clear and substantial.

It is hardly necessary now, therefore, for the Council to argue title to what it holds, or justification of what it does, but rather for it to assert its presence and extend its influence upon the general fabric of our society by persuasion and example. To do so without compromising its standards of excellence, or sacrificing the interests of the artists it serves to expedient popularity, is the challenge it faces over these next few years.

Pitlochry Festival Theatre

Anthony Curtis

Sue Wilson, who took over as artistic director of the Pitlochry Festival Theatre last year, is firmly in command with an ambitious season of new productions playing to near-capacity audiences. The former director, Kenneth Ireland whose name is for many synonymous with the theatre, has with the theatre would seem to Lamb, left Pitlochry for residence in Edinburgh. Dr Ireland retains a seat on the board; otherwise his long association with the thearte would seem to be at an end. A critic's concern should be solely with performance, not with the politics of what has been going on behind the scenes. None the less, as a regular visitor to this theatre over many years I must give vent to a sense of dismay at the sudden, unceremonious departure of an individual to whom the theatre here owes so much; indeed, in its present form, owes its very existence.

Ms Wilson's introduction of a staggered repertory, whereby some productions are phased out mid-season and fresh ones introduced, has meant a gain in rehearsal time and an easing of the pressure on some members of the company taking major roles. Two productions with which the season opened, *The Prime of Miss Jean Brodie* and *Plunder*, have come and gone. That still leaves four to choose from and in a five night stay you can see all of them.

Unlike Dr Ireland, Ms Wilson not only frames the policy of the theatre, she also directs more than half the plays herself. She has a good eye for a pleasing, unfussy stage-picture. The sets this year by Trevor Coe, the resident set designer, make imaginative use of the resources of this recently built theatre. Ms Wilson has a predeliction for plays which lend themselves to some form of musical accompaniment and ensemble work. In this area she works closely with her musical director, Anthea Gomez who writes music as well as conducting and playing the piano.

It is as a fluid, melodramatic play with music, part Victorian, part romantic operetta, that Ms Wilson sees Dickens's *Hard Times* which opened at the end of August. Ian Taylor's adaptation was originally done at Bristol in the 1970s; for this production Ms Wilson has re-adapted the text to include the Stephen Blackpool sections and added some lyrics for the company to sing at the end of scenes. The result is a lively pot-pourri of stage-effects, containing some strong confrontations between Gadgrind (Richard Syms), Bounderby (John Harwood), the fact-mongering folk on one side, and the feeble yet humane womenfolk, Louisa (Sunny Ormonde), Sissy Jupe (Teresa Gallagher) and Rachel (Sue Wallace), on the other.

It tends to turn Dickens's strong radical notions into a string of diversions and vocal parlour-games, but that is inevitable. The background of Coketown, with its factory wheels remorselessly turning and its funnels bellowing smoke, is palpably present in the set but, in spite of the fleeting appearance of a Scargillesque agitator, less of a reality than the colourful circus crowd who erupt with stilts, hoops and streamers on to the stage at the begining and end of the play.

The same keen pictorial sense of period is present in the staging of *The Rivals*. On entering the auditorium we see a panoramic view of 18th-century Bath, the façades and statues sharply silhouetted; at the centre is a solid pillared doorway with window frames on either side of it. Before each scene, the performers themselves become silhouettes. Then they burst into life. Apart from that, this sturdy classic, full of showy parts, is left to its own devices without any attempt to introduce extraneous comic business. A laudable aim on the part of the director (Ms Wilson again) provided—rather a large proviso—the performances are up to it.

Well, some of them are; notably the raucous Old Mother Reilly-like Mrs Malaprop of Jill Graham, and she greatly compensated for weaknesses elsewhere. Her scenes with Sir Anthony Absolute (John Harwood, a more rounded performance than his Bounderby) were suitably riotous, two seasoned performers belting the lines at each other to the audience's delight. Richard Syms's Sir Lucius O'Trigger, not a part one normally much notices, also sustained some of the more creaking links of the plot with gusto, and John Webb's Acres looked garishly right. But the main quartet of lovers with their petty stratagems, derived from too much reading of fiction, sounded weak and were at times barely audible.

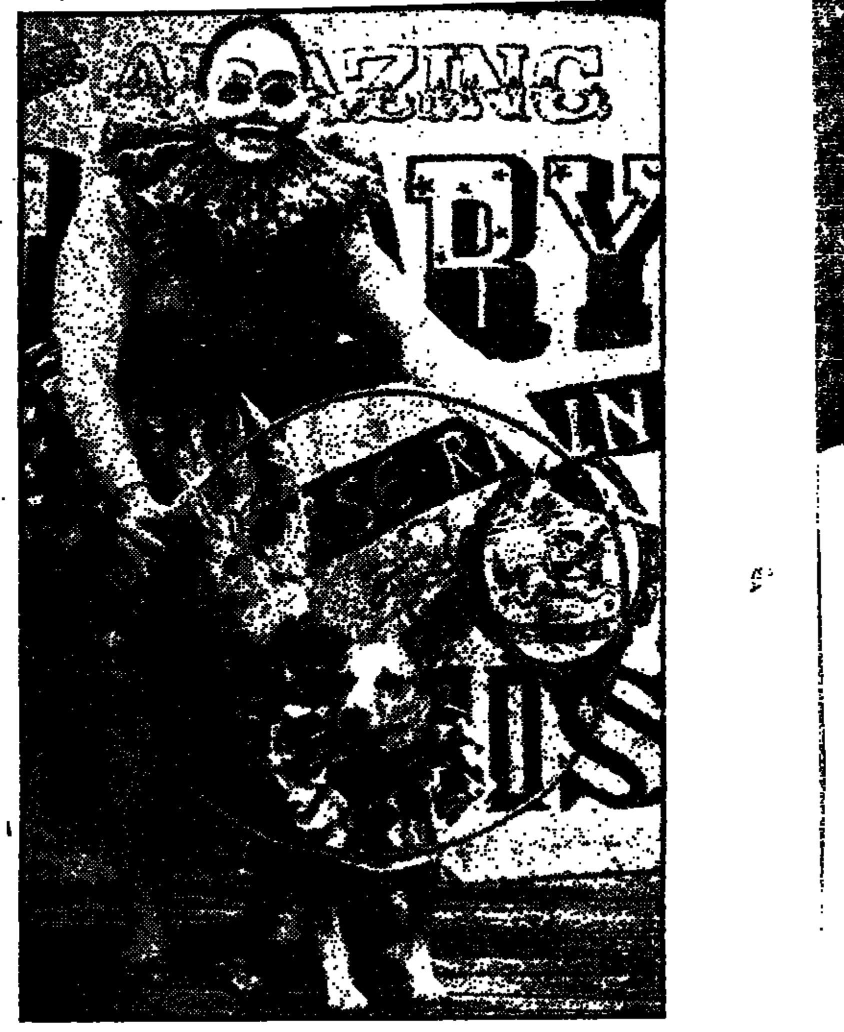
Inaudibility is not a charge that could be fairly levelled at the Pitlochry production of *Happy As A Sandbag* directed by David Kelsey.

At the start the entire company faces us, simulating the sounds of one of the Big Bands of the 1940s, and they keep this deafening decibel level up for the rest of the evening. It is an unashamed wallow in all the sentimental songs we sang, and jokes we cracked, to keep up our spirits during the dark days of World War Two, ranging from Vera Lynn to Tommy Handley, from Alvar Liddel to Max Miller, with a few extracts from Churchill's speeches thrown in for good measure.

As such it could hardly fail occasionally to tug the heart-strings. But one constant worry was that most of the cast seemed to have only the vaguest notion of what the people they were trying to imitate sounded like; another that they looked wrong in those curious bus-conductor uniforms. After last year's excellent *Cowardy Custard* this was a big disappointment.

Ms Wilson took a risk in her choice of *Abigail's Party* as her small cast play for this season. Its improvisatory dialogue, continually turning the screw of embarrassment, variations on a squirm, is difficult to put across; moreover, the suburban quintet whose way of life we share for a couple of hours might be thought to be completely unsympathetic to an audience in which impeccably dressed, Scottish senior citizens greatly predominate. In fact, this production is the success of the season. Its run has had to be extended the bookings are so heavy; and it is difficult to see how the play could be better acted or directed.

Caroline Gruber, to my mind so inadequate as Lydia Languish, triumphs here as the scatter-brained hospital nurse arriving at a neighbour's evening drinks party to meet Abigail's mother (Dorcas Jones) who is worried about what Abigail is getting up to across the road. The hostess (Sue Wallace) poured into a green satin sheath of a dress, shimmying with self-satisfaction in her luxurious living-room, designed to resemble a night-club cocktail bar, is an even greater genius at opening wounds and pouring salt in them than her friend: and the two men, Edward Arthur and Richard Walker, both superb, are powerless to stop her. In a sharply observed, brilliantly executed performance. Sue Wallace gives us the contemporary behavioural theatre at its appalling best. It is almost worth driving the 479 miles from London to Pitlochry to see her.



Malcolm McKee in "Hard Times"

Tribute to Sir Michael Redgrave/Old Vic

Michael Coveney

As these affairs go, Sunday night's *Tribute to Sir Michael Redgrave* at the Old Vic was well organised and pertinent. Sir Michael was seen on film in 1982 at the Liverpool Playhouse, where he started his career, reciting "Shall I compare Thee to a Summer's Day?" When the lights came up, Corin Redgrave and Kika Markham gave us an idea of his background with letters and reminiscences from his parents. Corin sounds astonishingly like his father these days, and the evening — not too long at just over three hours — was helped along by his interesting and affectionate linking remarks.

The bill contained oddities —a duet from *The Pirates of Penzance*, and David Tomlinson singing badly from *Mary Poppins* — but was notable for two main characteristics: the evidence that Redgrave's talent lives on through the next two generations of his family; and the regard in which he was held by his peers in every branch of the performing arts, from Peggy Ashcroft and Gielgud through McKellen and Jonathan Pryce to Elisabeth Welch (who sang Kern and Gershwin impeccably) and Maria Ewing (who sang Berlioz lustrously, magnificently).

Redgrave's widow, Rachel Kempson, recited Hardy's "The Ruined Maid" with a jaunty lift. Vanessa joined Wendy Hiller to rekindle last year's revival of Sir Michael's Henry James adaptation *The Aspern Papers*. Vanessa's daughter, Natasha Richardson, played her big scene with Trigorin (Jonathan Pryce) from the current excellent *Seagull* revival. There was no sign of young Joely Richardson but, look out, here comes another Redgrave: Corin's daughter Jemma, still at drama school, gave a lively excerpt from *The Shrew* dressed in a pink leather mini-skirt and black bomber jacket. Her Petruchio was kicked unceremoniously in the crutch.

The great Georgian actor Ramaz Tchkikvadze of the Rustaveli Theatre in Tbilisi slid outrageously downstage to deliver two speeches from *Richard III*. He found his stick hanging from a tree in Ralph Koltai's pleasantly improvised design of birches and foliage and renewed memories of that brilliant Crookback performance with its wickedly swinging right leg, murderous grin and ferocious power.

Ian McKellen was not going to compete with that. Instead he lowered the tone by enlisting members of the audience as the French dead at Agincourt and by then receiving Sir Peter Hall as a messenger on bended knee. Dame Peggy sailed on as Lilian Baylis and reminded us all that theatre was the most powerful and most accessible of the performing arts and that we should all jolly well get on with it and come along more often — Monday night's houses were still "a bit mucky."

All of this somehow conjured the uncomplicated radical spirit of the theatre Sir Michael supported and exemplified for much of his working life, the company ideals as well as the decent values. The radical Redgraves were lucky to have on hand John Houseman's Acting Company to perform a few highlights from *The Cradle Will Rock*. Another Soviet guest of Britain at the moment, the clown Popov, did his spotlight routine, and Sir John Gielgud rounded off the proceedings with Prospero's two last speeches, specifically requested, he said, by Vanessa.

All proceeds of a packed house were donated, at the family's wish, to the Young Socialists Training Centres.

Davies' Third Symphony/Radio 3

David Murray

On Saturday Edward Downes and the BBC Philharmonic brought the Third Symphony of Peter Maxwell Davies to the Proms. They gave the première in Manchester last February, and have already recorded it for the BBC's Artium label (REGL 560). No wonder, then, that their Albert Hall performance was so accomplished and gripping—and no less reason to admire it. If anything, the live strings bit into their phrases with still more confidence; and the different sound-balance of the broadcast afforded new perspectives on things differently weighted on the record.

Davies declared of his First Symphony that the instrumentation was non-colouristic, strictly functional, but he allows that orchestral colours have a greater role in the Third. In at least one sense, the reverse seems to me to be true: whereas there are stretches of the First that rely on exotic colour-effects to hold the ear when the knotty musical argument escapes it, the rich palette of the Third gives translucent body to the argument — it belongs to the very workings of the symphony. Intricate though the design of the Third is, Davies has this time made everything *audible:* the power and cogency of the music don't have to be taken on trust,

What it offers is still a strenuously demanding journey: three-quarters of an hour of unmitigated argument is a lot. There are fewer suggestions of an underlying dramatic narrative as a thread to grasp at, despite moments like the close of the first movement, where twittering high winds hang in the wake of a crushing climax like seabirds over a wreck. At first hearing, I wondered whether the washes of string tremolos and trills (almost as many as in César Franck's Symphony!) weren't merely theatrical; but, on acquaintance, such details — and innumerable others — reveal their proper sense within a grand, overall plan.

The musical tensions would be unrelieved if they were not articulated in such sumptuously varied ways (though never at the expressionist extremes of earlier Davies). The textures, if not the tensions, are often thinned down to a couple of voices. Plangent woodwind dialogues come in marvellous profusion. Much of the first Scherzo recalls the bright astringency and pawky counterpoint of Roussel (a most improbable influence), with excited brass, like *Festin de l'araignée* or *Bacchus;* but the second Scherzo is pure Davies, balefully simple and skewed, and the final Lento stands in the line of his lofty post-Mahlerian perorations.

Downes sustained the intensity of the whole construction with immense skill and commitment. He also supplied a creative accompaniment (with an eloquent cello) for John Lill's loyal, heavy-handed account of the Piano Concerto No. 2 of Brahms. Lill's chunky address takes facing up to, but it must be said that his aggressive point-making is plainly the result of deep immersion in the score. Though he underlines gracelessly, a time-traveller might discover that Brahms' own performances were not so different.

Arts Guide Aug 30–Sept 5

Opera and Ballet

LONDON

English National Opera, Coliseum: The season begins with one of the company's biggest hits in many years, the Jonathan Miller New York updating of Rigoletto. A new cast takes the leads; Neil Howlett in the title role, David Rendall as Duke; Joan Rodgers as Gilda, conductor Noel Davies. Also in the same week: pre-premiere previews of the new Orpheus in the Underworld. Produced by David Pountney in Gerald Scarfe's designs, it seems certain to take a fresh and unpredictable view of the classic Offenbach operetta. (240 1066).

WEST GERMANY

Hamburg, Staatsoper: As a thank you gesture to opera lovers, director Rolf Liebermann plans to transfer the opening performance of Othello to a cinema screen in the Hamburg Congress-Centre, where an extra 3,000 fans will be able to watch it free of charge. It is likely to be a star-studded evening, including Placido Domingo, Margaret Price and Sherill Milnes. Further performances are La Bohème with Katia Ricciarelli and Giacomo Aragall and Ariadne auf Naxos, conducted by Ferdinand Leitner. Luigi Nono's rarely played Intoleranza closes the week. (35 11 51).

Berlin, Deutsche Oper: Die Fledermaus features Edda Moser and Carol Malone. The Magic Flute has fine interpretations by Silvia Greenberg, Lucy Peacock and Rüdiger Wohlers. Aida, sung in Italian, has Julia Varady in the title role and Nicola Martinucci as Radames. Der Fliegende Holländer has Janis Martin and Martti Talvela. Madame Butterfly is conducted by Stefan Soltesz. (34 381).

CHICAGO

Changing Times Tap Dance Company (Goodman); Kicking off the Goodman's 60th anniversary season is Jane Goldberg's jazz tap dance company, featuring their latest revue, Shoot Me While I'm Happy. (443 3800).

NEW YORK

New York City Opera (NY State): The week features a series of five performances of the Merry Widow with Leigh Munro and Claudia Cummings sharing the role of Sonia, conducted by Imre Pallo in Ronald Bentley's production last seen in 1983. Lincoln Center (870 5580).

American Ballet Theatre (Metropolitan Opera House): Mixed programmes in a short season teaser. Ends Sept 15. Lincoln Center (362 6000).

VIENNA

Staatsoper: Turandot with Marton, Ricciarelli, Carreras, (Wed); Cavalleria Rusticana and Pagliacci conducted by Fischer with Cotrubas, Domingo (Mon and Thur); Lohengrin conducted by Stein with Gessendorf, Rysanek-Gausmann, Vogel, Jerusalem (Tue). (5324/26 55).

Volksoper: Csardasfurstin; The Fledermaus; Das Land des Lachelns; Vienna Blood. (5324/26 57).

London Classical Players

Dominic Gill

I remarked last week, after hearing the Eroica played by Christopher Hogwood's Academy of Ancient Music, that "authentic" performances of Beethoven symphonies are potentialy just as exciting, and can provide just as many revelations, as performances on authentic instruments of Bach Suites. It can be thrilling, even in a dull performance, to hear Beethoven's sonorities stripped of their late-century cloudy veneer; and a good performance can be electrifying—a paradoxical first encounter with a long-familiar work.

Roger Norrington's direction of his London Classical Players at Sunday's Prom at the Albert Hall was a mixture of inspired consiseness and slightly mawkish encouragement: but the results were exhilarating, almost from first to last. Beethoven's Pastoral symphony, heard to proper scale, and with its timbres correctly mixed, emerges as a chamber epic—a chamber epic, that is, in its intimacy, delicacy and extraordinary subtlety of contrapuntal working. It is not a different work in its modern orchestral dress: simply less rich in its impact and exaggerated in its proportions. Though the modern timpani *sound* more like thunder, there is something sharper and more immediate even to the timbre of the early drum which *represents* thunder more keenly.

One could list on every page of Haydn's London symphony a dozen particular felicities which only an authentically scaled performance allows us to hear. Enough to say that in virtually every respect, from matters of rhythm and timbre to broad, essential character, the music sounds new-minted to ears accustomed to modern performance. Norrington's instinct for stylish phrasing here, and in Mozart's motet "Exsultate, jubilate," sweetly sung by Rachel Yakar, was impeccable.

British singers to tour Europe

As their contribution to European Music Year the Monteverdi Choir, the English Baroque Soloists and John Eliot Gardiner will tour Italy, Germany and France during September with appearances at La Scala, Milan, the Stuttgart International Music Festival and the Teatro Olimpico, where they will open the concert season in Rome. They will perform Handel's *Israel in Egypt* on period instruments with soloists from the choir.

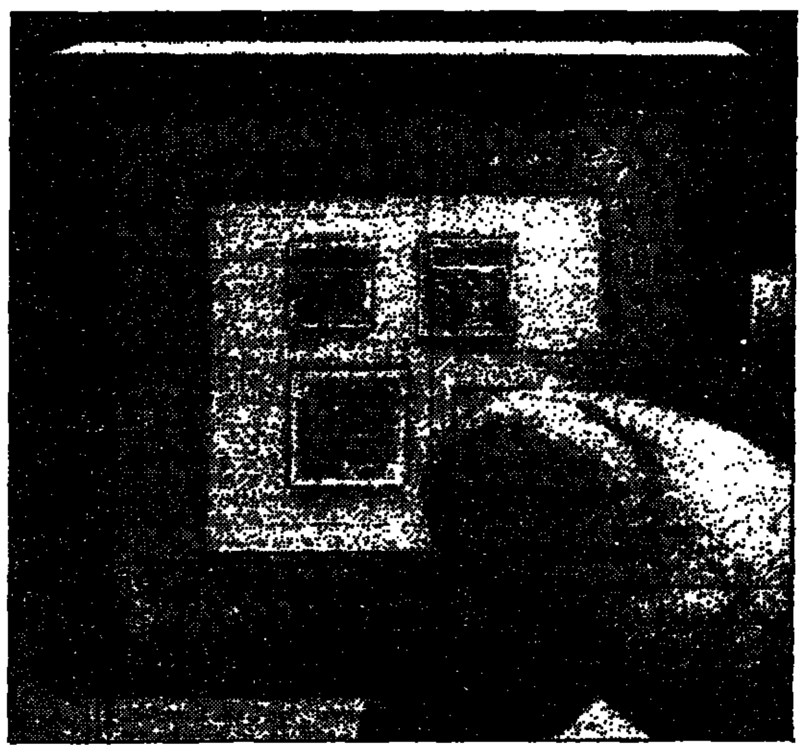
BRITAIN'S COMPUTER BUILDERS CAN NOW WORK WITH THE MOST POWERFUL MICROPROCESSOR ON THE WORLD MARKET.

A computer may awe you with its memory, delight you with its graphics and dazzle you with its speed, but deep down inside, the brain behind it all is its microprocessor.

And the Motorola MC68020 is the most powerful computer microprocessor available on the world market today.

This remarkable 32-bit chip can access over 4 billion bytes of data. Its processing power is equally prodigious, more than 2½ million instructions per second. It is also fully upwardly compatible with our earlier 16-bit machine and it completes a progression of 8-, 16-, and now 32-bit members of a single Motorola family of microprocessors. This enables product designers to expand the capabilities of their hardware without the interruption of a radical redesign.

The MC68020 is already destined for great accomplishments. It seems likely it will be a major factor in the market for use in the next generation of robotics. Its potential for high speed graphics and advanced mathematics makes it ideal for high volume data processing, complicated computer-aided design and manufacturing (CAD/CAM) processes and next-generation general purpose computers.



Our family portrait.

We believe this microprocessor can make a meaningful contribution to Britain's already significant participation in the "information age." And, of course, we have a vital stake in that participation.

In East Kilbride, our production facilities for advanced technology semiconductors are state-of-the-art. We also have a major production centre for communication products in Basingstoke; and in Stotfold, for our automotive and industrial electronics. We have 15 offices serving the United Kingdom.

Worldwide, Motorola is a £4.7 billion electronics company doing business on five continents. We number 100 thousand people, and we share a deep dedication to the service of our customers in voice and data communications, computers, semiconductors and components for defence, aerospace, automotive and industrial electronics.

MOTOROLA A World Leader in Electronics.

THE MANAGEMENT PAGE: Small Business

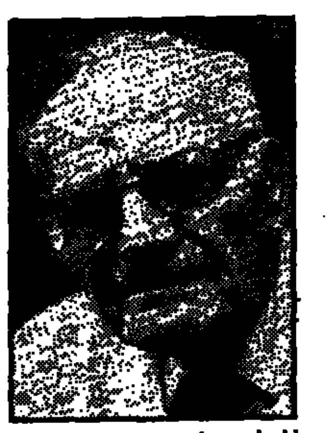
EDITED BY CHRISTOPHER LORENZ

Writing a new chapter on an old tradition

William Dawkins on the renaissance of a fountain pen repairer

HIDDEN in a maze of alleyways behind Smithfield market in the City of London, the offices of Penfriend, one of the very few independent pen repairers in Europe, would not look out of place in a Dickens novel.

A creaking staircase takes you up several flights into the dusty gloom, where a landing leads into a windowless box-room lined with brightly lit showcases containing hundreds of pens of all ages and shapes. They range from the famous Sheaffer "snorkel"—so named because of the retractable tube used to fill its ink reservoir—to a mysterious black Japanese writing instrument with a barrel the thickness of a child's wrist.



Ivan Mason: amassed a valuable collection

An electric bell summons a shy, bespectacled man, who will be happy to feed you stories of great pens he has known while one of his eight craftsmen repairs your own humble instrument in the neighbouring workshop.

He is Peter Woolf, former finance director of EMI Music International, an unlikely background for the man who became part-owner of this 35-year-old business in March. "Writing for me is a passion," explains Woolf, 50. "The one personal possession people respect most is their fountain pen," he adds with the excited air of a small boy who is just discovering the joys of his first train set.

Penfriend is the crowning piece in the collection of an inveterate magpie. Woolf has 23 collections; folding fruit knives, miniature telescopes, silk flags and unopened packets of playing cards, to name a few. But writing instruments are the principal obsession of a man who is gently trying to usher this old-fashioned business into the modern world by taking a critical look at its marketing and pricing.

A long-standing Penfriend customer, Woolf bought into the business when its founder, Ivan Mason, realised at the age of 69 that he could not go on for ever. Woolf, who admits to having become disillusioned by the cut throat ways of the music business, thought it was too good a chance to miss.

His partner is Roy Zeff, 39, a West End jeweller who had occasionally repaired pens for Woolf and is now learning more about the craft from Mason. Few family-owned businesses can have experienced such a harmonious change in control, exemplified by the old world courtesy with which Woolf still prefixes a Mr to Mason's name.

Beneath that charm, Woolf is working hard to sweep away some of Penfriend's more anachronistic ways and to squeeze growth out of a £50,000 turnover business which has hardly changed its methods since its formation by the former Parker Pen mechanic in 1950.

In doing so, he has tried to strike a balance between importing a hard-nosed commercialism and preserving the delightfully old-fashioned image which is Penfriend's greatest marketing asset. Its main office, for instance, would be a liability to any other company. Yet Woolf looks shocked at any suggestion that Penfriend might benefit from smarter or less well hidden surroundings.

"We reckon that it is part of our charm to have premises like these and to be a little difficult to find. We know that the people who came here are serious about wanting to have their pens repaired," he argues. In any event, most of Penfriend's business comes from retailers who never need to visit the workshop.

But as a concession to modern marketing, Woolf has opened a showroom in Zeff's antique jewellery shop in Marylebone and is negotiating to move into Parker's former workshop in Bush House in the Strand. And for the first time in its history, Penfriend has started to advertise. "Perhaps Mr Mason's only failing is that he never made people aware of his existence," says Woolf.

Before the new owners arrived, Mason had never formally calculated unit costs. He was charging £3 for a complete overhaul and repair—however difficult—when his fixed costs, not including wages, came to just over £2 per pen. The result was that he lost money on the more complicated jobs and Penfriend barely broke even on the 60,000 pens it handled last year. Now Woolf charges £4.25 for the more simple repairs and puts the more difficult jobs on a different scale, where they are charged according to time.

"He never did that sort of costing. He just came in very early in the morning, worked hard until late in the evening, and expected everything to turn out right," says Woolf. Penfriend is profitable again as a result of his measures, and expects to double its turnover this year.

Not that Woolf underestimates Mason's contribution, either as a craftsman or as a businessman. Over the years, Mason has amassed a collection of several thousand spare parts for discontinued pens dating back to 1880. This is of great value in an industry which is littered with defunct manufacturers like Conway Stewart, Swan, Burnham and Mentmore, many of whose pens still have loyal owners. "When I started, nobody thought there would be a shortage of spare parts," says Mason.

The forces which killed so many British pen producers, however, have also made life difficult for Penfriend, which has seen the repairs business dwindle with the growth of cheap disposable Biros and other low cost writing instruments.

Mason maintains that there are signs of a revival for fine pens partly as status symbols and partly as fashion items. "Nothing is new," he says. "This business keeps going round in circles."

In brief...

NEARLY nine out of 10 small business computer users are satisfied with their machines, and three-quarters of them intend to extend or upgrade their systems, according to a survey by Your Business magazine.

The study covers just over 100 independent companies with annual turnovers ranging from £500,000 to £5m, of which 86 per cent said that their computers measured up to the performance indicated by the dealer at the time of installation. Its conclusions are in "marked contrast to other surveys recently which have indicated that many businesses have lived to regret their initial computer purchase decisions," says the magazine.

Of the respondents, 90 per cent said they encountered no difficulties in obtaining maintenance for their machines, while 78 per cent recorded no difficulties in finding and using suitable software. Eighty-five per cent of them used computers for accounting purposes, with 79 per cent using them for sales ledgers.

A number of companies, however, remarked how easy it is to make bad buying decisions and how difficult they found it to assess the claims made by salesmen.

How U.S. capital came up trumps

William Dawkins on CMS's search for funding

COMPUTERISED Medical Systems (CMS), whose search for venture capital was described on this page in February, last month finally raised £1.2m—but not quite in the way it had hoped.

CMS, a Chicago-based maker of body scanners, was raising the cash to set up a factory at its European distribution office in Aylesbury, and was accordingly keen to attract UK investors.

Yet seven City of London venture capitalists turned CMS down, with the result that the company instead sold 24 per cent of its equity to a group of private U.S. and Middle Eastern investors. The episode adds further fuel to many British entrepreneurs' complaints that UK venture capitalists take a less robust attitude to risk than their Transatlantic counterparts.

A separate fund - raising attempt under the Business Expansion Scheme met the same fate. CMS was planning to set up an independent company—so that it would not be barred by BES rules forbidding foreign-owned ventures—to sell mobile scanner units to local authorities. But CMS had to hand back investors' subscriptions after pulling in only a quarter of its £2m minimum target. Californian venture capitalists filled the breach instead.

Dan Montano, president of Montano Securities, the small Californian equity dealer which arranged both issues, is, not surprisingly, peeved. Despite the risky nature of CMS's business, the company has a £4.5m order book, he points out, and is expected to achieve sales of £9m to £10m next year.

UK venture capitalists, he maintains, were interested in principle, but were unwilling to participate until a British lead investor emerged. "But nobody wanted to take the lead," he says. The fact that CMS had no British financial advisers was also a barrier. Robert Ashmead, a director of Venture Founders, which took more interest than most in CMS, says: "We thought the product was great. We felt, however, that the UK market was not yet ready for it." He also admits to feeling uncomfortable about the problems of "management and control" which might arise for a small company with offices on either side of the Atlantic.

The BES issue ran into a different problem. Private investors found CMS unattractive against the safer asset-backed property developers which were flocking to the scheme before property was thrown out of the BES in the last Budget.

In the absence of any wider assessment of CMS's value, Montano's words must be taken with a pinch of salt. But proof of what British investors have missed will come, he promises, when CMS achieves a quotation on the U.S. over-the-counter market, planned for next May.

Data protection

'Yet another burden'

Jane Rippeteau on general ignorance of computer legislation

REPRESENTATIVES OF small and medium-sized companies are in a stew over what they say is the Government's lack of effort to make them aware of the requirements of the new Data Protection Act.

This law requires any company that keeps computerised records of personal data on individuals to register with the Government. Registration will be open for six months beginning on November 11, and failure to comply is a criminal offence punishable by fines of unlimited amount.

"This is a classic case of a law being enacted in the UK and little being done to explain it," says James Cooke, chief executive of Binder Hamlyn, a management consultancy specialising in smaller companies. Client queries show, he says, that "most companies seem to be completely unaware and unbriefed about what is about to hit them."

Cooke is especially concerned about companies with under 200 employees because they would not be as likely as larger companies to keep track of Parliamentary actions affecting them.

But a leading trade organisation set up to do just that for small companies was also completely in the dark about the new bill.

"We missed that one," says Stan Mendham, founder of the 11,000-member Forum for Private Business. "We know nothing about it. Isn't it maddening?" he says. Mendham quickly got off the phone to call his "mole" at the Home Office and find out what was going on.

Even the Government concedes that its four-year-old effort to develop data protection rules has not come widely to the attention of small companies. The Government has just appointed an advertising agency, C. D. P. Waterhouse, to run a campaign that "will be heavily directed to small and medium-sized companies," according to Eric Howe, registrar of the Office of Data Protection, which administers the Act. "It is up to us to get across to the smaller companies," he says.

To register, a company must complete forms, which will be available in post offices from September 30. The forms request details on what kind of personal data a company keeps on individuals; why it is kept; how it is obtained and whether or not it is disclosed, says Howe.

The law does not require companies to discontinue their data-gathering activities, simply to disclose them. Any new data gathering must also be registered with the Government. The law does request companies to comply with eight principles, including restricting data to information obtained lawfully, holding it securely and disclosing it to the individuals it concerns. Within about two years, individuals will be able to challenge companies about data held on them.

To cope with the paperwork this will generate, Howe says he is boosting his current staff of 20 to 50 by September and to 100 during the anticipated "height of registration next year." His budget of £1.2m may also be increased. He says that some 300,000 registrations are expected instead of an initial estimate of 200,000. "It turns out there is a greater than expected number of organisations using computers, and quite a few will put in more than one registration," he says.

Advantage

Larger companies seem somewhat better versed concerning the law. Vivian Bowern, group manager of personnel administration, systems and information at ICI says: "Being a large company, we had an advantage. We were consulted directly (by the Government) and had several people on committees advising the Government."

Bowern also served on the Confederation of British Industry's working party on data protection, which was set up to put industry's point of view to the Home Office.

Management consultants Arthur Young initiated a series of courses for its clients. Paying £60 per head, between 20 and 40 different companies have sent representatives to one of three sessions held so far, says Timothy Keohane, computer services manager at the firm. Colleagues are giving talks on the law around the country, he adds.

While the law applies to all companies keeping personal data on computer, the Government's failure to implement it would primarily affect multinational companies.

Seeking to protect individuals from misuse of the power of the computer, the Council of Europe in 1981 drew up a document calling for data protection laws. Each country to sign it would then develop domestic legislation, thus ratifying the Council's intentions. Once five had signed, they could then refuse to transfer data to any country not in the club. Four countries, France, Spain, Norway and Sweden, have already ratified, according to Howe. Clearly, he notes, "companies trading internationally are concerned about damage to their trade."

The business of Thorn EMI Datasolve, for instance, could be affected. Datasolve runs a computer bureau, a kind of computer time-sharing service, and has a number of overseas customers, according to Anthony Mutton, a consultant in Datasolve's systems and office automation unit. The group is now running internal seminars "to make sure people in Datasolve know about it [the legislation] so customers can be reassured and directed," he says. Mutton explains that since customers use Datasolve machines for processing data, any material containing personal data must be registered by the customer.

So far, though, such big-company co-ordination has not made its way down to the small- to medium-sized cousins. The rule "will come as a complete shock," says Ralph Jackson, of the National Federation of Self-Employed and Small Businesses. Jackson says he has drawn attention to the law in the organisation's magazine, but believes that many small companies "will be unaware of its existence." He could not estimate how many of the federation's 45,000 members keep computer data.

But even when the little guys do find out, says Cooke of Binder Hamlyn, compliance for them "could be just a pain in the neck." Just at a time when the talk is "about reducing burdens on small companies," here is another. "The more you ask them to do," he says, "the more you are holding them back."

Businesses For Sale

Ice Cream Manufacturer–Ireland

For sale as a going concern

Long established ice cream manufacturer with freehold premises of 33,000 sq. ft. in Thurles, Co. Tipperary. Well equipped from ongoing modernisation programme. Turnover approximately IR£5 million.

Depots, both freehold and leasehold in seven key locations–Dublin, Cork, Galway, Limerick, Waterford, Tralee and Letterkenny.

For full details write or phone:

Mr. Tom Fitzpatrick,
Oliver M. Freaney & Company,
Chartered Accountants,
43/45 Northumberland Road,
Dublin 4.
Telephone: Dublin (0001) 688644, also Thurles, Co. Tipperary 21877.

SMALL SPECIALIST

ENGINEERING COMPANY

(established 1937)

for sale as going concern as directors wish to retire. Sub-contract precision metal spinning and prototype engineering with own marine leisure product. M.O.D. approvals.

TURNOVER £300,000

Located London/Surrey border

Offers invited from principals only please.

Write Box H.0183, Financial Times 10 Cannon Street, London EC4P 4BY

SMALL EMPLOYMENT AGENCY with freehold building (residential) approx. 4,000 sq. ft. S.W.1. £1.5 million. 01-2704 (2-4 pm).

FOR SALE

MANAGING AGENCY OF MARINE/AVIATION SYNDICATES

Lloyds broker, required by the Lloyds Act to divest, invites offers from serious and informed potential purchasers for the managing agency of medium sized marine/aviation syndicates. Potential purchasers are invited to register their interest with Robert Ashley-Jones of:

Ernst & Whinney, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

Ernst & Whinney
Accountants, Advisers, Consultants

Paint Manufacturing Company
Holland

The share capital of this autonomous profitable Dutch subsidiary of a UK company is offered for sale.

Principal features:

* Based 20 miles South of Rotterdam
* Industrial and marine paint manufacturers
* 22,000 square feet modern freehold factory and offices
* Modern plant and equipment
* Annual turnover £3 million
* 35 employees
* German sales office

Enquiries should be made (quoting reference JSW/RJB) to:

John S. Wheatley Esq.
Peat, Marwick, Mitchell & Co.
45 Church Street
Birmingham B3 2DL
Telephone: (021) 233 1666 Telex: 337774

PEAT MARWICK

For Sale

A manufacturer of sport and leisure shoes

The holding company wishes to dispose of its profitable subsidiary for £200,000.

- Turnover approximately £1.8 million per annum.
- Operates from 19,000 sq. ft. leasehold factory in the South West.
- Customers include multiple, wholesale and mail order firms.

Further information can be obtained from **A.H. Martin or A.D. Rose, Stoy Hayward, 8 Baker Street, London W1M 1DA. Telephone 01-486 5888.**

SH Stoy Hayward

A member of Horwath & Horwath International

SALE BY AUCTION

ELY, CAMBRIDGESHIRE

on WEDNESDAY, 11th SEPTEMBER 1985, at 10 am

By Order of the Joint Receivers and Managers: I. P. Phillips, Esq., and C. R. Sherling, Esq., and others

on the premises at

EASTERN COUNTIES PRINTERS LTD., (In Receivership)

BRAYS LANE, ELY, CAMBS.

The Valuable Lithographic & Letterpress Printing, Binding and Finishing, Electronic Colour Scanning, Origination, Photosetting and Platemaking, etc.

ON VIEW: Monday afternoon and Tuesday prior and day of sale.

Catalogues from the Auctioneers:

COLEBROOK, EVANS & McKENZIE

Printers' Auctioneers & Valuers

5 Quality Court, Chancery Lane, London WC2A 1HP

Tel: 01-242 1362 Telex: 28174

FORK LIFT TRUCK HIRE BUSINESS FOR SALE

Truck fleet consisting of 100 vehicles (Trade Value £350,000) together with existing contracts, client list and Trade name, established 9 years in Lancashire area.

Current owners wish to expand their vehicle sales section and will assist in smooth takeover.

Current Hire revenue £330,000 per annum.

Total Price £950,000.

Interested parties reply to:

J. C. Allen & Co., 79 Oxford Street, Manchester, M1 6HT.

LONDON-BASED PRINTING COMPANY

exclusively producing own product, making £70,000 net pre-tax on trading assets of £180,000 (excluding £27,000 interest on £380,000 surplus cash), invites offers above £560,000.

Write Box H.0149, Financial Times 10 Cannon Street, London EC4P 4BY

HOTELS - INNS - CLUBS - ENTERTAINMENT & CATERING COMPLEXES - RESTAURANTS - FAST FOOD

FOR SALE UK WIDE FROM £50,000 - ASK FOR FREE BROCHURE

Businesses Abroad: Details of established Hotels and large scale Hotel developments for sale, plus RESTAURANTS/CLUBS/BARS. Free list available. Hotels & Catering Establishments urgently required: For GENUINE PURCHASERS with substantial funds available. Totally discreet and confidential negotiations assured. Handled personally by our director Mr R. Dilks. Business Finance Arranged: Please telephone for an informal discussion. Acquisitions: We acquire Businesses & Premises for serious purchasers who can provide suitable credibility.

BUSINESS SALES (NOTTS) LTD.

42 Goose Gate, Hockley, Nottingham - Tel: (0602) 502990

SMALL LONDON BASED

INVESTMENT COMPANY

With two subsidiaries each making approximately £50,000 net pretax (one in leasing and the other in maintenance), surplus cash (£100,000), space (2,000 sq ft), and management, is interested in merger with company that can use these resources profitably, equity investor for particularly attractive acquisitions, or sale.

Write Box H.0151, Financial Times, 10 Cannon Street, London EC4P 4BY

FREEHOLD REAL ESTATE in BASILDON

2.93 acres of prime freehold real estate and commercial investment available for development in Basildon Town Centre.

Please write for details to: Box H0162, Financial Times 10 Cannon Street, London EC4P 4BY

MORTGAGE BROKERAGE

£85,000

1,200 clients, 500 completed remortgages providing annual premiums income of £300,000 app. Renewal commission about £6,000 per annum of great interest to mortgage brokers, finance companies, insurance brokers, salesmen etc. £85,000. Terms available. Full training given if necessary. Can be operated from home/office anywhere in UK.

Write Box H.0150, Financial Times 10 Cannon Street, London EC4P 4BY

FACTOR FOR SALE IN THE NORTH WEST

Situated in large conurbation. Excellent opportunity for company seeking growth. Growing turnover, already in excess of £0.25m.

Write Box H.0119, Financial Times 10 Cannon Street, London EC4P 4BY

FOR SALE — POWDER COATING COMPANY SOUTH LONDON

Trade powder coating facility comprising on-line pretreatment, booth with automatic application equipment, through oven c75ft long and overhead conveyor. Genuine reasons for sale.

Write Box H.0166, Financial Times 10 Cannon Street, London EC4P 4BY

FOR SALE

LEASING PORTFOLIO

Future income around £200k.

Principals only

Write Box H.0159, Financial Times 10 Cannon Street, London EC4P 4BY

S. E. England—Well established ELECTRO-PLATING BUSINESS FOR SALE

T/O £250,000 p.a.

Net profit £41,000 p.a. Further expansion potential. Fully approved by C.A.A. D.T.I. B.S.I. Br Aero.

Write Box H.0154, Financial Times 10 Cannon Street, London EC4P 4BY

FOR SALE

Transport Company

Extensive Local and European operation.

Further information apply Box H.0157, Financial Times 10 Cannon Street, London EC4P 4BY

Business Opportunities

AEROSPATIALE SQUIRREL HELICOPTER — MODEL NUMBER AS 350B

Year of manufacture 1983. Very low flying hours. Public transport C of A. VIP seating 3/4 rear seat. Available with full piloting and engineering back-up. For sale at £225,000.

Telephone: 01-584 4748 Telex: 915395

INTERNATIONAL TRADE COMPANY

has substantial funds available to finance Nigerian Trade

Experts in trade finance, documentation and procurement

Principals only write Box F.5537, Financial Times 10 Cannon Street, London EC4P 4BY

CAPITAL ALLOWANCES AVAILABLE

Capital Allowances of US$ 6 million may be available on a project investment of US$ 3.4 million.

Replies in confidence to:

Box F5952, Financial Times 10 Cannon Street, London EC4P 4BY

U.S.A. MARKET

Public Company in Jamaica seeks UK Companies exporting or wishing to export to USA. Under President Reagan's Caribbean Initiative products with more than 35% value added in Jamaica are not subject to duty or quota.

Call Geoff Martin 01-940 3159 or write 100 Richmond Hill, Richmond, Surrey

---

Business Services

LOOKING FOR MORTGAGE FINANCE?

Commercial/industrial/residential properties. Our wide connections ensure competitive rates and a swift response.

Write or Telephone: Chater & Co.

29/31 Mitre Street, London EC3A 5BU 01-623 1645/6

CAN YOU AFFORD TO IGNORE OUR RATES?

With one of the biggest warehousing facilities in the UK complimented with a totally integrated distribution service we can better on cost companies who have their storage and transport facility here in N. Ireland. Giving considerably lower rates than our competitors DENNISON STORAGE provides a complete package for storage and distribution.

To find out more about this affordable service *Phone* Crawford Dennison on Antrim 08494 62363.

Or write to Dennison Storage Limited, Newpark Industrial Est., Greystone Road, Antrim, N. Ireland BT41 2QN. Telex 747452

DENNISON STORAGE

SWISS HANDLING OF INTERNATIONAL TRANSACTIONS

The key company for:

* Handling of international transactions
* Back-to-back operations
* Companies formation, domiciliation and administration
* Setting up countertrade/barters
* Marketing countertraded products
* Fiduciary and trustee services

DE BERIG SA

12 Chemin Rieu

1208 Geneva, Switzerland

Tel: 47 59 80

Telex: 421 896 DEB CH

LIMITED COMPANIES

FORMED BY EXPERTS FOR £108 INCLUSIVE

READY MADE £111

COMPANY SEARCHES

EXPRESS CO. REGISTRATIONS LTD

Epworth House

25-35 City Road, London EC1

01-628 5434/5, 7361, 9936

DIRECT MAIL LISTS & SERVICES—100s of ready-built lists immediately available. Suppliers to leading UK companies. Free Catalogue! Marketscan, Freepost, Chichester, Sussex. Tel: 0243 786711.

ASSETS of Insolvent Companies for sale. Receiver and Liquidators Classified. 01-637 3038.

£2.50 PW FOR EC2 ADDRESS combined with phone messages and telex under £5 a week. Prestige offices near Stock Exchange. Message Minders International. 01-628 0898. Telex: 8811725.

100% IBAs—Secure tax shelter with excellent guarantees and tax efficient yield. Phone: John Piper on 0273 728311.

FREE: Central London Business Address. 01-580 1365.

AVOID BAD DEBTS with a Talisman company search and financial status report. 01-686 0783.

PART TIME MAYFAIR OFFICE with full time commercial/secretarial support. For brochure phone Lloyd Adams 493 1332.

MINIMISE THE RISK with a Talisman company search & financial status report. 01-686 0783.

COMPANY FORMATION & SEARCHES! Fast Service! Credit Card! 01-247 5566.

Plant and Machinery

POWER PRESSES

REQUIRED—Post 1970, 600/800 T power press. Bed 120" x 72" MIN. Stroke 20" MIN. Shut Height 40" MAX. Adjustment 20". 2/3 Die Cushions.

Contact: Brian Francis Cannock 2650

USED FORK LIFTS—Prices from £850. Choice of 70. A visit will save you a lot of money. Exports welcome. Birmingham Fork Lift Truck Ltd., 4-8 Hams Road, off Adderley Road, Saltley, Birmingham B8 1DU. Tel: 021 327 5944/5 or 021-328 1705.

FORKLIFT TRUCKS. 40 machines surplus to requirements. Average price £1,250 for quick sale. Ring Kidderminster (0562) 700099.

Franchises

Franchising will get you into business on Sept 14

Details on seminar, magazine and directory from

FRANCHISE WORLD

37 Nottingham Rd London SW17 7EA

Tel. 24 hr 01-767 1371

Engineering Group

For Sale

Very old established private group of companies in East London trading as designers, manufacturers and fabricators of engineering products available for sale.

Serious enquiries only in writing to:

Messrs. Rose, Gluck & Co.
Uplands House, Blackhorse Lane
London E17 5QW

Commercial Vehicle Main Franchise Holder

COMPANY FOR SALE

including freehold property

Write Box H.0139, Financial Times 10 Cannon Street, London EC4P 4BY

FOR SALE

FIVE MOBILE HOME SITES

as a going concern including two caravan sales pitches. In the same ownership for a considerable period. Very good cash flow. No agents; principals only should apply.

Write Box H.0142, Financial Times 10 Cannon Street, London EC4P 4BY

KITCHEN MANUFACTURER AND RETAILER

For Sale as a going concern

13,000 square feet of Factory, Office and Modern Showroom. London Lease - Bristol area.

Apply Managing Director Box H.0130, Financial Times 10 Cannon Street, London EC4P 4BY

TOUR OPERATOR FOR SALE

Small ABTA Tour Operator in London established for six years specialising in a Greek Island.

Write Box H0161, Financial Times 10 Cannon Street, London EC4P 4BY

International

FOR SALE — FULLY OPERATING

SWISS JOINT STOCK COMPANY with registered offices in GENEVA

(500 yards from Airport), parking facilities, Swiss director in charge

Please write to: G. C. GONVERS,

P.O. Box 1128, CH1870, Monthey 2, Switzerland.

BELGIUM

For Sale: Sheet Metalwork with modern equipment and plenty of space. Turnover £1.5m. Good base for further development.

Write Box H.0123, Financial Times 10 Cannon Street, London EC4P 4BY

INTERNATIONAL BUSINESSES FOR SALE

APPEARS EVERY TUESDAY

Rate: £35.50 per Single Column Centimetre plus V.A.T.

Hotels and Licensed Premises

HAMPSTEAD N.W.3

17th Century Historic LISTED FREEHOLD HOUSE

now partly used by owner as Fully Licensed Restaurant

Price: £225,000

Telephone mornings 01-794 4667

3-STAR HOTEL STRATFORD UPON AVON

57 bedrooms, 54 with p/b. Many facilities. Conference. Gymnasium/Health Club (300+ members) Spa. Sauna, Beauty Salon etc. Parking 50 cars

resent owners 16 years—t/o ¾ million

Substantial offers required for the whole

Principals only Write Box H0160, Financial Times, 10 Cannon Street, London, EC4P 4BY

Businesses Wanted

WANTED

INDUSTRIAL PROPERTY COMPANY

Our client is a diversified industrial holding company, quoted on The London Stock Exchange, operating from 45 sites in the UK. In order to enhance the management of and obtain the best returns from its existing industrial properties, it is seeking to acquire an industrial property company, preferably involving more than one location, with a value of between £5-10 million. Replies to Ian Nelson of:

Ernst & Whinney, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

Ernst & Whinney
Accountants, Advisers, Consultants

PURCHASE OF COMPANIES

Trading in design or installation or maintenance of building services — air conditioning, refrigeration, boilers, ventilation, electrical, controls and fire protection.

Any U.K. location. Rapid decision for large and small companies.

Please write with brief details in complete confidence to the Chief Executive Box H.0155, Financial Times 10 Cannon Street, London EC4P 4BY

PROPERTY COMPANIES REQUIRED

We wish to purchase the share issue of property companies. Substantial funds available.

Ideally companies having properties at a LOW BASE COST.

All propositions considered. Fees paid and agents retained where necessary. All enquiries treated in confidence.

Fortune Services Limited

Moss Nook House, Trenchard Drive Manchester M22 5NA

Tel: 061-436 7076 Telex: 668863

SHOPFITTING

Investment company wishes to acquire as a going concern a shopfitting company located in South-east England. T/o required in excess of £500,000 achieved by skilled work force.

Please contact Box H.0143, Financial Times 10 Cannon Street, London EC4P 4BY

PUBLIC COMPANY wishes to acquire successful publication preferably leisure-based

Write Box H0152 Financial Times 10 Cannon Street London EC4P 4BY

MAJOR FIRM

involved in insurance broking, life assurance, unit trust advisory services, pensions and benefit consultancy, seeks acquisitions. Commission/fee income between £250,000 and £5m pa considered.

10 Cannon Street, London EC4P 4BY Write Box G.10280, Financial Times

---

PROPERTY COMPANY

Fast-expanding PLC wishes to increase its property activities by company acquisition either for cash or shares

Replies to The Chairman Box G.10528, Financial Times 10 Cannon Street, London EC4P 4BY

LEISURE COMPANIES

We have substantial clients actively seeking to buy

LEISURE-BASED BUSINESSES

For a preliminary discussion

Ring M. H. CROUCH F.C.A. Brighton (0273) 29397

BUSINESS WANTED

Public company wishes to purchase an office furniture business to complement its expansion programme. Subject to negotiations, current management could be part of the development.

Reply in absolute confidence to Box H.0153, Financial Times 10 Cannon Street, London EC4P 4BY

TRANSPORT/HAULAGE/VEHICLE FLEET required. With or without property. Confidentiality assured. M. Harrison.

OUR CLIENT wishes to invest up to £500,000 in a manufacturing /processing industry in the Greater London area. Proposals and ideas welcome, please contact: Bhagani & Co., Chartered Accountants, 134 Ealing Road, Wembley, Middlesex HA0 4TH.

APPOINTMENTS

Securicor Group chief

Mr Peter Towle, group chief executive, Securicor Group PLC

Mr Peter Towle has been appointed group chief executive of SECURICOR GROUP, succeeding Mr Peter Smith. Mr Roger Wiggs is appointed deputy group chief executive. Mr Smith remains chairman in a non-executive capacity. Mr Towle joined Securicor in 1976 as an executive director. He has been managing director of Security Services since 1984 and of its operating subsidiary Securicor Ltd since 1980.

★

Mr Harold M. Tract, former senior partner of REIN, MOUND, CATTON, has joined the partnership KROLL, POMERANTZ & CAMERON. The firm will in future be known as KROLL, TRACT, POMERANTZ & CAMERON.

★

AVELING BARFORD has named Mr Ray Mortimer as its managing director. Mr Mortimer recently rejoined the board after a seven-year absence, during which time he was managing director of the contractors plant division of Stothert and Pitt.

★

SUMITOMO TRUST INTERNATIONAL has appointed Mr Akira Adachi its deputy managing director. Mr Adachi was working with The Sumitomo Trust and Banking Co. in Tokyo in the international finance department.

★

WANSON COMPANY has appointed Mr Peter Vermeylen its managing director. He was managing director of Wright Machinery.

★

Mr Martin Reid-Foster, executive director of STG Advertising and Publicity Services, has been appointed managing director of MACGREGOR HALTON. Mr Charles MacGregor, former director of the Scottish Information Office, who in partnership with Mr Vincent Scott-Halton, chairman of Halton Advertising, established the company in 1983, has retired as its executive principal but will remain as a consultant.

★

Mr Derek P. Rogers has joined the board of Lloyd's brokers, BYAS MOSLEY AND CO, as chief executive of the UK operations.

★

Mr Paul Burt has been appointed director of ASTLEY AND PEARCE (Eurocurrency Deposits).

★

Mr John Parsons has been made marketing director and Mr Bill Stewart the technical director at SIEBERT/HEAD.

★

Mr Geoffrey W. King has been appointed company secretary of SEARS.

★

Mr Hans Dinger has been appointed manager of the newly-formed Asian marketing unit in the corporate banking division of LLOYDS BANK. Mr Dinger was formerly with Lloyds Bank International in Singapore, where he was responsible for the marketing of merchant banking services.

★

Mr Ray Douse, a director of Hill Samuel & Co, has joined MMG PATRICOF & CO as managing director. His appointment coincides with the renaming of MMG as MMG Patricof & Co and its coming together with Alan Patricof Associates, the venture capital firm, as two subsidiaries of MMG Patricof.

★

Mr Chris Lomberg, chief executaive of Simon Engineering, has been appointed non-executive director of DOBSON PARK INDUSTRIES.

★

Mr Michael Walker has been appointed a director of CLIVE DISCOUNT Co.

★

THE NORWICH BREWERY CO has appointed Mr Ian Pluthero as finance director. He was financial controller at Hogg Robinson.

★

Following the retirement from their executive positions as managing director and director of ARTHUR ACKERMANN & SON, Mr A. L. Gates and Mr G. H. Welham remain on the board as non-executive directors and consultants. Mr D. W. Fuller has been appointed joint managing director with Mr J. R. P. Sabin who has resigned his director ship with the Richard Green Gallery to take up this position.

★

Mr Richard J. Groom has become general manager—marketing and development for the GATEWAY BUILDING SOCIETY. Mr Groom joined the Society in 1972 as midlands and north regional manager. In August 1978 he took over as regional manager in Bedford and in April 1981 he moved to Worthing to take up the post of assistant general manager—development.

★

WHITECHAPEL COMPUTER WORKS has appointed Mr Bob Haire its managing director. Prior to joining Whitechapel, Mr Haire was general manager of Apple Computers European manufacturing operation.

★

Mr John Capstick has been appointed distribution director (frozen foods) with UB DISTRIBUTION SERVICES. He moves to the distribution company from UB (Biscuits) Catering, where he was director. Mr Capstick succeeds Mr Stephen Yates who is leaving UB Distribution to take up an appointment outside the UB Group.

★

Mr P. G. Hammersley has been appointed director of BRITISH MARINE EQUIPMENT COUNCIL in succession to Mr T. W. Bewsey who will be retiring on September 30 and completing the handover of his responsibilities by the end of the year.

CONTRACTS

Trainers for Royal Navy

FERRANTI COMPUTER SYSTEMS has won an order, worth over £2.5m, from the Ministry of Defence to supply two acoustic frequency analysis and classification trainers to the Royal Navy. The trainers are scheduled for delivery towards the end of 1986 to HMS Dryad and HMS Dolphin where they will be used for training operators of passive classification sonars fitted on surface ships and submarines. Each system, designed to train a full sonar team simultaneously, has a library of 100 vessel signatures available. The instructor can pre-program an exercise or introduce targets manually. Up to six targets (both broadband and narrowband) can be in the scenario simultaneously together with up to six additional broadband targets, four weapons (ie torpedoes etc) and two acoustic decoys. Each trainer is based on five Argus 700 GZ computers. Additional microcomputers, with computer-aided learning packages, will be used independently or in conjunction with the trainer to provide training at basic levels. Playback facilities are incorporated for debriefing and the instructor can copy to disk or make a hard copy of the display at any trainee's position.

★

WALKINSHAW PACKAGING SYSTEMS, Newbury, has won a £290,000 order from BP for the installation of a packaging line at the Aldridge plant. Walkinshaw is UK agent for OCME Spa and this is the second line that the company has supplied to BP. This order includes equipment for automatic depalletising, filling and capping, packing and palletising for BP's half- and one-litre plastic containers for lube oil products.

★

A Dorset firm, LOVAUX, has won a £2m aircraft modernisation and maintenance contract from the Ministry of Defence. The Hurn Airport-based company will take on up to 40 extra staff to carry out the three-year programme handling Hunter jets from Yeovilton Royal Naval Air Station.

★

An order worth £1.25m has been placed by the Ford Motor Company for 12 Fassler gear finishing machines to be installed at the company's Halewood works. The order followed international collaboration between the Ford European Transmission Centre in Cologne, Fassler of Switzerland, and UMAK, Birmingham, Fassler's UK concessionaires. It is the first major automotive application for the Fassler process in the UK. This is part of a 25 machine order. The other 13 machines are for installation in Ford's Cologne plant.

★

Mintex Don is installing a £600,000 HONEYWELL computer system to control manufacturing, sales order processing and financial operations throughout the group. Mintex Don will phase out its existing IBM 4341 operation after the new Honeywell system goes live next month. It will be linked to some 80 remote terminals in the company's headquarters in Cleckheaton, West Yorkshire, and in factories, warehouses and depots throughout the UK.

★

MICROSELL SYSTEMS, Warrington, has won a £170,000 order from Philips Electronics for terminals to be installed in staff shops from which employees can purchase the full range of Philips products.

★

MUNRO PROJECTS, Dundee, has won two North Sea oil contracts, together worth £3m, for work on modules being constructed for the North Alwyn "B" field production platform for Total Oil Marine. One order, placed by UIE Scotland at Clydebank, is for process piping systems on the oil export and gas separation modules. The second, from R.G.C. Offshore at Methil, comprises electrical switchgear and control room installations for the utilities/water injection and power generation modules.

★

Further sets of FERRANTI inertial measuring systems for the Ariane satellite launcher have been ordered by Arianespace. The latest contract, worth nearly £2.5m, covers the fifth batch bringing the total number of systems ordered to 37. The inertial measuring system plays a major role in the launcher's guidance and control. After 14 launches, Ariane has achieved a faultless performance record. Giotto, now safely on its way to meet Halley's comet, was the third successful launch by Ariane this year. The next launch carrying two communication satellites—Spacenet F3 and FCS3 is scheduled for September 11.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Tuesday September 3 1985

Reshuffling the pack

MRS THATCHER'S second administration has long been known to be in political difficulties. The evidence of the by-elections, the local elections and the opinion polls all attest to that.

Although there are still some bright spots—for example, the vote by the guards on British Rail not to take industrial action last week—not all the policies are succeeding. While some useful steps have been taken to improve the workings of markets, the handling of fiscal and monetary policy has been far less convincing. *Unemployment* remains far too high.

It is sometimes said that Mrs Thatcher and her ministers were in a similar position in 1981 and survived to win the general election two years later with a landslide majority, at least in terms of seats if not of votes.

Yet there are two reasons why that analogy is not convincing today. One is that unemployment now is much greater than it was then. The other is that there is a limit to how long an electorate will wait for a government to fulfil its promises. "*Give* Mrs Thatcher a third term" is not quite such an appealing cry as "Give her a second." It may be also noted that the Liberal-SDP Alliance has continued to develop in the last two years and that the Labour Party looks much less ragged than it used to. The need to cling on to the Tories for fear of finding something worse is no longer so compelling.

Dilemma

Throughout the summer it had been suggested that the way out of the Government's dilemma was the September reshuffle. Indeed, it is admitted even at the heart of the Conservative Party that some key ministers, however intellectually able and privately charming, do not exactly inspire the country. In particular, they do not go down well on television, and sometimes not even in the House of Commons.

The reshuffle was intended to provide an answer. It is much bigger than was generally expected. Some of the appointments are welcome. Mr Norman Tebbit, for instance, should prove a very effective party chairman. He is not nearly such an abrasive figure as he is sometimes made out to be. He should be capable of rousing the faithful, and even the apathetic, in a way that his predecessor, Mr John Gummer, was not.

It is also right that Lord Young, previously minister without portfolio, should be given a department of his own. That is probably the only manner in which a British cabinet minister can work efficiently: he will now have a machine behind him and indeed it is in the area of micro-economic policy in which Lord Young specialises where the Government has been at its best. Mr Kenneth Clarke, promoted to the Cabinet, should be an admirable stand-in for him in the House of Commons.

Bizarre

Some of the other appointments, however, look simply bizarre, lacking both rhyme and reason. It is as though Mrs Thatcher has fallen for the fallacy that if you reshuffle the pack, you are bound to have a better hand. There is not the slightest hint that it may be the policies that are at fault, *only a curious belief that if* grey men are moved they will cease to be grey.

Quite the most extraordinary example is the despatch of Mr Tom King to Northern Ireland. Mr Doglas Hurd had been there only a year and doing well. Indeed, Anglo-Irish relations are now at a critical stage. Enter Mr King who has no previous knowledge of the subject and has been a pawn in el... every Thatcher reshuffle so far. It will be interpreted in Dublin and Belfast as a sign that the Prime Minister is less serious about Ireland than had recently seemed the case.

Again, Mr Leon Brittan was a good Home Secretary, whatever might be thought about his handling of the BBC. There is no obvious explanation for moving him to the Department of Trade and Industry. He will be no less exposed to television and has no background in the area. Whatever Mrs Thatcher says, the change will be bound to be seen as a demotion.

There is no political rationale for the moves, either. The balance in the Cabinet has not been conspicuously altered—between "wets" and "dries," radicals and consolidators. Some ministers, like Mr Patrick Jenkin, have gone partly because they inherited the rash commitments of the last Tory manifesto to abolish the Greater London Council without knowing how to do it. Others, like Mr Peter Walker at Energy, have stayed because the Prime Minister dares neither to sack them nor promote them.

There is, in short, very little acknowledgement that the Government may have made mistakes. There is no immediate evidence that either the policies or the presentation will be any better. It looks remarkably like musical chairs, with a few winners and a few losers.

Microchips on a European scale

IF EUROPEAN high-technology companies are to stand a real chance against American and Japanese rivals, they must have the ability and motivation to treat Europe, particularly the European Community, as an extended home market. This requires not only reductions in the non-tariff barriers which still divide EEC markets, but also changes in the attitudes of businessmen and entrepreneurs.

Many of Europe's largest electronics companies are tied to their national markets by preferential procurement, especially in defence and telecommunications. As much through the fault of governments as their own, they have often found it difficult to re-focus their strategy and objectives on a European scale.

Hence any move to break out of the national straitjacket, such as European Silicon Systems (ES2), the new "custom" microchip company announced yesterday, is to be applauded.

Avoiding pitfalls

From the outset, ES2 has been conceived and planned as a European, rather than a purely national, operation — in its sources of finance, its selection of senior management, its choice of locations and, above all, in its marketing goals. Its founders have consciously sought to avoid the pitfalls which have beset previous semiconductor initiatives in Europe. Many of these have been in mass-produced "standard" microchips, a business dominated by the Americans and the Japanese, and where rapid and profitable growth can be achieved only by capturing a substantial slice of the world market.

Too often, however, they have been condemned from the start because they have been organised on a narrow national basis.

There are several reasons for thinking that ES2—provided it can make its technology work—stands a better chance of success. First, it is pioneering a wholly new market sector where there is great potential demand.

By dedicating itself to making "*custom*" *chips in small lots*, the company aims to make a virtue of a situation which has previously worked to Europe's disadvantage: that is, the shortage of indigenous electronics manufacturers with the mass-production volumes needed to sustain a vigorous "standard" chip industry. Secondly, though ES2 will undoubtedly seek government support, it is first and foremost a private sector initiative which will stand or fall by its own efforts. Its formation also challenges the widespread myth that Europe's high-technology lag is due primarily to a shortage of technology.

This belief has led EEC governments to seek solutions based chiefly on expanded subsidies for research, mostly by a few *big companies. But it is questionable* whether the extra money has stimulated much research which would not have been done anyway. It is even less likely to encourage in managements the entrepreneurial spirit needed to exploit new opportunities for growth.

It is doubtful, too, whether Europe's older, established electronics companies are well-suited to pioneering high-risk commercial innovation. Many *of them* already have their hands full trying to up-date traditional businesses and management attitudes.

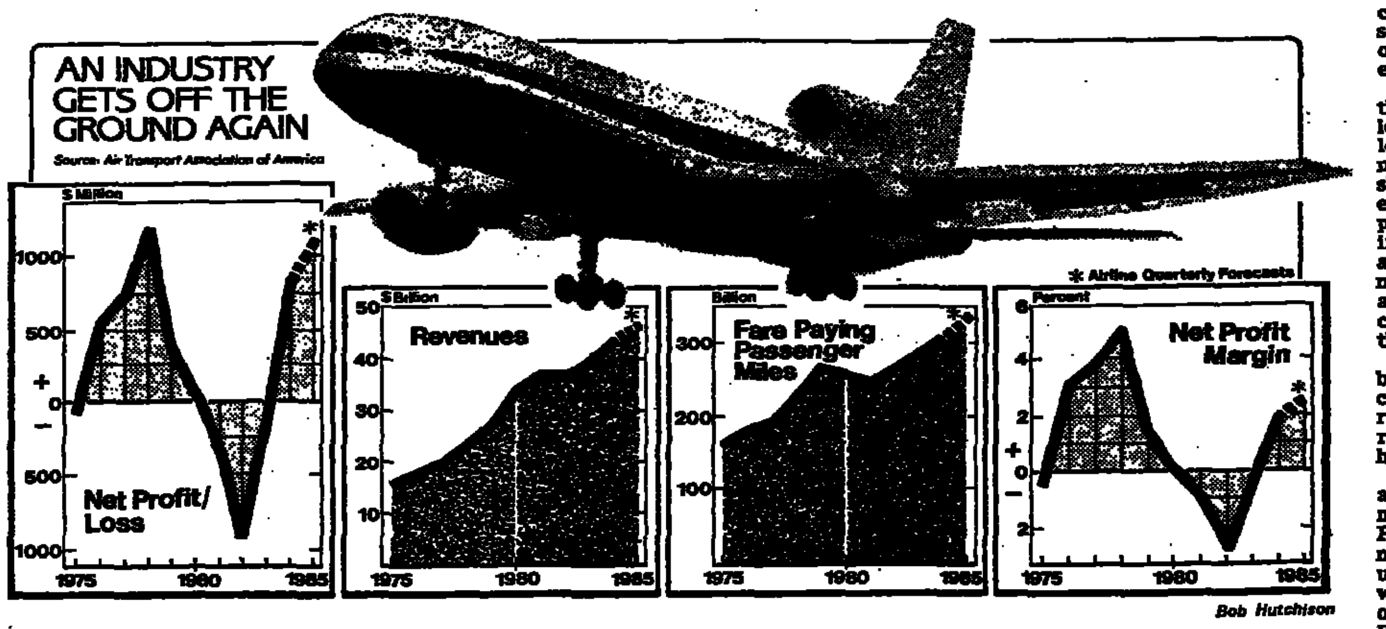
New companies seem much better placed to act as catalysts of change. Unencumbered by the trappings of the past and with the agility to respond quickly, they need not be constrained by the national barriers which have entrapped so many of their older competitors.

But to be effective, they must think big from the start. Europe needs many more newcomers like ES2, with the ability to see opportunities where others see only obstacles. Nothing would do more to restore Europe's confidence in its ability to compete in high-technology industries than a few genuine commercial successes.

THE U.S. AIRLINE INDUSTRY

Why predators are on the prowl

By Terry Dodsworth and William Hall in New York



Bob Hutchison

THE battle for control of Trans World Airlines—which Mr Carl Icahn, one *of Wall Street's most ruthless* corporate raiders, now appears to have won—is the latest and most dramatic sign of the ferment in the U.S. airline *industry*.

Since the late 1970s, the delicate competitive balance among the airlines has been upset by a wave of new carriers, no longer encumbered by official controls on fares and route structures following the sweeping deregulation of the industry. New low-cost operators such as the four-and-a-half-year-old Peoples Express have emerged as major challengers to the airline establishment.

Faced with these changes, the major U.S. airlines have launched a counter-attack to try to retain their hold over the market. This has set in train a *rejigging of airline networks* and unleashed incredibly confusing fare battles — it is now not unusual to find the same carrier offering a handful of widely differing tariffs to the same destination.

This year, however, two specific events stand out which have changed the face of the U.S. airline industry. The first was United Airlines' $750m bid for Pan Am's Pacific routes. If this deal goes through it will have a major impact on the fortunes of two of America's top half-dozen airlines.

"You see Mr Icahn, running a major airline is a big job, one that we don't take lightly. It's not like speculating with paper on Wall Street. You have to be proven 'fit' to operate an airline; 'fit' to managed; 'fit' to raise the vast sums of money needed to maintain equipment safely and invest in new modern aircraft; 'fit' to comply with the many important rules and regulations that the various federal, state, municipal and international agencies demand of an air carrier . . . we think it's a commitment you just can't handle"—TWA's open letter to Mr Carl Icahn, May 20 1985.

It will go a long way towards restoring the shaky finances of Pan Am, America's biggest international airline, while at the same time transforming United into a major international airline and consolidating its position as the industry's biggest carrier.

The second event has been the fierce battle for TWA. Before Mr Icahn arrived on the scene, Mr Frank Lorenzo, Texas Air's chief, looked set to become the head of the U.S.'s second biggest airline by merging America's largest transatlantic carrier with his own Continental Airlines.

Continental is already the leading low-cost carrier in the industry and many of major U.S. airlines were not happy at the prospect of Mr Lorenzo gaining such a powerful position. With Mr Icahn at the controls, TWA may steer a different course, but it still could be turbulent for the rest of the industry.

Three months ago nothing could have seemed more unlikely than the idea that Mr Icahn would end up in charge of TWA. It would have seemed even stranger to think that in order to win control he would have teamed up with the company's two major trades unions.

Yet this bizarre alliance has won control of one of the world's best-known airlines in a deal which is being hailed as a landmark in modern labour history.

Texas Air's Mr Lorenzo had made his name by slashing wages to unheard of levels at his Continental Airlines subsidiary and when TWA had sought him out to save the airline from Mr Icahn's clutches, TWA's heavily unionised staff inevitably took fright. To side with Mr Icahn, a brilliant short-term *speculator* but hardly a "hands-on" manager, was a tremendous gamble.

Mr Icahn demanded wage concessions which are probably as tough as Mr Lorenzo would have wanted, but the unions threw their support behind Mr Icahn in return for the promise *of a substantial equity stake in* the airline. Faced with the threat of major labour disruption if Mr Lorenzo had won the day, TWA's managers were outmanoeuvred.

He could either have made a profit of more than $100m on his TWA shares by accepting *Mr Lorenzo's* offer or gain control of an airline that promises to be far more profitable as a result of the pre-negotiated wage concessions. Mr Icahn has never made any secret of the fact that he is only interested in making a fast buck. He does not have any romantic dreams about owning an airline.

Over the past few weeks as the battle for control of TWA, once the plaything of eccentric billionaire Howard Hughes, has reached its climax, dozens of would-be investors — ranging from Eastern Airlines to Resorts International — have shown an interest in taking it over. Many more have expressed interest in buying plum parts

The rumours around TWA, meanwhile, have spilled over into other airlines which have seen their share prices buffeted by rampant speculation. Even the strongest carriers like United Airlines have not been immune from the takeover talk. Earlier this summer in a series of defensive moves, United splashed out $588m *on* the Hertz Car Rental company, spun off some of its hotels and effectively insulated its over-funded pension plan from predators.

But in recent days stock market speculation has focused on Pan Am, America's biggest international airline and one of its most unprofitable. A week ago Resorts International, the Miami-based casino group, disclosed that it had bought an 8.8 per cent stake in the airline. Jim Crosby, Resort's reclusive chairman who lives atop his casino in Atlantic City, is said *to have always wanted to own* an airline and fallen in love with TWA, just like Howard Hughes.

Mr Crosby made an abortive bid for Pan Am 10 years ago and Wall Street is convinced that he was seriously interested in trying to take over TWA before Mr Icahn teamed up with the unions.

The surge in speculative activity in U.S. airline shares, which has seen TWA and Eastern Airlines stock triple in value in less than a year, follows a return to profitability for most U.S. carriers after several years of appalling results.

Last year, transatlantic air traffic grew by 13 per cent — its strongest gain since 1979 — and overall traffic was up 8 per cent. In the first seven months of 1985 traffic as measured by revenue passenger miles (the number of passengers carried per mile) jumped by 13 per cent. More than 1m passengers a day are regularly travelling on U.S. airlines and the Washington-based Airline Quarterly estimates that overall traffic in 1985 will grow by 10 per cent, or twice as fast as the growth in capacity.

HOW U.S. AIRLINES ARE FARING

($m)

Airline	*6-month* 1985 revenue	*6-month* 1985 net income	*% change* on previous half year	*Domestic* market share
American	3,082.6	234.1	+ 77.6	14.45
United	2,781.4	103.8	Nil	18.01
Eastern Airlines	2,500.9	49.8	Nil	11.31
Delta Airlines	2,237.0	134.1	+162.6	11.07
Trans World Airlines	1,810.0	— 68.3	Nil	6.12
Pan Am Corporation	1,551.1	—210.8	Nil	1.77
North Western	1,269.7	36.1	— 11.0	4.42
Texas Air Corporatn.†	906.5	53.7	+512.0	4.54
USAir Group	875.5	59.5	+ 3.4	2.51
Republic Airlines	836.5	63.2	+152.8	3.48
People Express	437.7	— 5.8	Nil	3.46
Piedmont Aviation	719.9	32.4	+ 42.9	2.81
Western Airlines	659.0	24.6	Nil	3.61

† Owns controlling interest in Continental Airlines and NY Air.

Source: Company figures and Airline Quarterly.
Research: Rivka Nachoma.

According to Airline Quarterly, higher volume will translate into a rise of around one-third in the industry's combined profits this year, taking them back to the $1.2bn levels prevailing in 1978.

However, these figures alone are not enough to explain Wall Street's current love affair with airlines. By any reasonable standard the industry's profitability is exceptionally low. Since 1978 net profit margin on *sales have dropped from 5.2* per cent to an estimated 2.4 per cent this year.

What seems to be attracting investors is the belief that the industry is about to witness a spate of major takeovers

Wall Street is already busily picking its winners and has selected a *handful* of names such as United, American, Delta and NorthWest which it expects to form the core of a more heavily integrated industry. Most of these have gained market share since deregulation despite the competition from low cost carriers.

"There will be other winners," says Dr George James, an airline consultant, who believes that over the next *two to three years the number* of major carriers will shrink to between six and eight, with another 20 smaller carriers.

Dr James, who quit the U.S. Air Transport Association to set up his own consultancy, believes that the major survivors will be airlines which control large hubs—airports where they can funnel local feeder flights on to their higher-yielding long-distance routes.

But in the short-term battle for survival, most attention is being focused on comparative labour costs. In the 1970s, rising wage packages were disguised by the prevailing high rate of inflation and the limited competition which resulted from the industry's bureaucratic regulations. The airline unions were some of the most powerful and uncompromising in the country and labour costs for some airlines accounted for well over 50 per cent of all operating expenses.

In a remarkably short time the competitive pressures, unleashed by deregulation, have led to far-reaching changes in management-union relationships. The most dramatic evidence of the changing balance of power in airline wage bargaining came less than two years ago when Mr Lorenzo's Continental Airlines slashed wages by around 50 per cent after successfully seeking protection of the U.S. bankruptcy courts.

The airline pilots are still bitterly fighting against this controversial use of the bankruptcy proceedings, which was reflected in their opposition to his attempted takeover of TWA.

This year has been marked by a spate of strikes, notably month-long disputes at both Pan Am and United, as airline managements have taken on the unions in a manner which would have been unthinkable only two or three years ago. In the process the airlines have pioneered the use of the controversial two-tier wages system—in which newly hired workers are paid substantially less for the same job—and in return offered equity and profit sharing.

Five of the top 15 airlines—Eastern, Republic, Western, Continental and Frontier—have given away a substantial slice of their equity to their workforce. To some degree this policy can be seen as a spur for staff, but for most it represented a last-ditch effort to avoid bankruptcy by giving a *quid pro quo* for wage cuts.

"We think $24 per share, which is 33 per cent above Mr Icahn's initial offer of $18 per share, is an excellent price for our stockholders . . . Although TWA initially raised questions about Icahn's intentions regarding the airline, he has since made numerous statements, pledges and specific agreements with the TWA unions, all of which indicate that he does not intend to take the harmful action which TWA had previously feared," TWA statement of August 20 following board decision not to block the Icahn bid.

If Mr Icahn's bid goes through, TWA will also join the list of the wage-cutting airlines. *But there is a growing belief* on Wall Street that the future of one of the world's most illustrious airlines will depend as much upon Mr Icahn's managerial abilities as upon the significant concessions being made by its 28,000 employees.

What the past few years of deregulated competition have shown above all is that in a market-orientated industry there is a big premium on good management. The recent history of the U.S. airlines has been written by outsiders such as Peoples Express and Continental Airlines. The next few months will show whether Mr Icahn can pass one of his toughest "fitness" tests.

Men and Matters

Wilmot prefers U.S. style

European Silicon Structures (ES2), the newly-formed microchip venture, has made much of its claim to be the first company organised on a truly trans-European basis.

It is somewhat ironic, therefore, that it owes a large debt of inspiration to the U.S.

"We are going to operate more like a U.S. multinational in Europe than like other European companies," says Robb Wilmot, ES2's co-chairman. He argues that American companies are much more inclined to *divide management authority* between several European centres and to get executives of different nationalities working together.

It is no accident that ES2's founders are all veterans of large U.S. electronics companies. Wilmot was with Texas Instruments for 16 years before moving to ICL in 1981, while chief executive Jean Luc Grand-Clement, and finance director Pierre Lesieur, both joined *from Motorola*.

The fourth founder, co-chairman Robert Heikes, is an American who admits to having become infatuated with all things European while running National Semiconductor's operations in Munich.

Of Dutch descent, and married to a Dutch wife, he now lives near St Tropez, where his wine cellar has achieved a Europe-wide reputation of its own.

By all accounts one of the hardest tasks involved in setting up ES2 has been to convince prospective investors and customers in Europe that a European high-technology project could succeed. However, its founders now say they are confident of raising the $60m they need by the end of next month.

Heikes says that if ES2 goes as planned, he and Wilmot will be ready to launch further new ventures together.

Wilmot is paid £80,000 a year for one week's work a month at *ICL, and he expects to spend* about the same amount of time at ES2 once it is past the start-up phase. That will still leave him half the year free to pursue other interests.

"Another re-shuffle like that and we'll be able to buy another van"

Cruise line

Wealth can lurk in unexpected places.

The aluminium men and the shipping line P & O Cruises have discovered they have a common interest in the superstructure of the veteran liner Oriana.

The upper decks, made entirely of aluminium and weighing well over 1,000 tonnes, are reckoned by the line's naval architects to be "the biggest lump of aluminium *scrap available anywhere*."

Now that P & O has announced that Oriana will be retired from cruise service next year some brisk bidding is expected if the liner is scrapped.

The aluminium industry values the Oriana's upper decks structure at around £500,000 for melting down and recycling. Alcan Enfield, the British secondary metal subsidiary of British Alcan, is thinking about making a bid.

Oriana was the first big liner to use weight-saving aluminium instead of steel for her superstructure. The construction was considered a major advance in ship-building technique when the 42,000-tonnes liner went into service in 1960.

Her sister ship, Canberra, and the rival Queen Elizabeth II, followed the trend later.

With hindsight, the use of aluminium has been a splendid investment for P & O. The equivalent superstructure in steel would be worth only about one fifth as much at current scrap metal prices.

Ramsden invades

Commodore Matthew C. Perry of the U.S. navy would have wholeheartedly approved of Terry Ramsden of Glen International Financial Services.

In 1854 Perry sailed into Tokyo Bay. Threatening the Japanese with a bombardment he forced them to sign a trading agreement with the U.S. Now Ramsden has played his own small part in the opening-up of Japanese business life to the rest of the world.

For the last ten years Ramsden, aged 33, has been studying the Japanese corporate sector. "Not just wading through analysts' reports," he says. "But studying exactly how the market works."

His in-depth knowledge allowed him to take advantage *of a loophole in the market for* Japanese corporate bonds, and become a major investor in Minebea, the country's largest bearing maker.

However, the action which would have won Commodore Perry's applause was the sale of options to a Californian investor, Charles Knapp—and the possibility of a contested take-over of a Japanese company by a *foreign company*.

Since the sale, Minebea's shares have risen by some 20 per cent on speculation that Knapp may bid for Minebea, which is itself in the middle of a bid for another Japanese company, Sankyo Seiko.

In the words of one of *Knapp's* aides, "There has *never* been a transaction like this in Japanese corporate history."

Also in the Perry tradition is the law suit that Ramsden is *bringing* against another Japanese company, Tokyo Sanyo Electric. He alleges that the company has issued deliberately misleading facts to its shareholders—and he happens to be one of them.

Ramsden, a keen racing man who both owns horses and *sponsors races, is quietly* confident that he can overcome the notoriously bureaucratic Japanese approach to corporate foreigners.

PR storm

Gale force winds continue to buffet Good Relations, the public relations group.

A few days ago the deputy chairman, Maureen Smith, departed unexpectedly having *sold her entire 11.6 per cent* shareholding. Fellow board member, Paul Winner, also sold his holding and resigned.

As it happened Tony Good, the founder and chairman was in America on holiday when the office storm arose.

Now Good has been beset by another storm. He has been caught by Hurricane Elena which has been advancing on the Florida coast.

The word last night was that Good has been evacuated out of Tampa to Orlando

It makes even the London PR world look relatively safe.

Wild guess

Heard in one of the Westminster bars—"She knows so little about politics she thinks a filibuster is someone who breaks-in horses."

Observer

BASE LENDING RATES

A.B.N. Bank	11½%	■ Hambros Bank	11½%
Allied Dunbar & Co.	11½%	Heritable & Gen. Trust	11½%
Allied Irish Bank	11½%	■ Hill Samuel	§11½%
American Express Bk.	11½%	C. Hoare & Co.	11½%
Henry Ansbacher	11½%	Hongkong & Shanghai	11½%
Amro Bank	11½%	Johnson Matthey Bkrs.	11½%
Associates Cap. Corp.	12 %	Knowsley & Co. Ltd.	12 %
Banco de Bilbao	11½%	Lloyds Bank	11½%
Bank Hapoalim	11½%	Edward Manson & Co.	12½%
BCCI	11½%	Meghraj & Sons Ltd.	11½%
Bank of Ireland	11½%	Midland Bank	11½%
Bank of Cyprus	11½%	■ Morgan Grenfell	11½%
Bank of India	11½%	Mount Credit Corp. Ltd.	11½%
Bank of Scotland	11½%	National Bk. of Kuwait	11½%
Banque Belge Ltd.	11½%	National Girobank	11½%
Barclays Bank	11½%	National Westminster	11½%
Beneficial Trust Ltd.	12½%	Northern Bank Ltd.	11½%
Brit. Bank of Mid. East	11½%	Norwich Gen. Trust	11½%
■ Brown Shipley	11½%	People's Trust	12½%
CL Bank Nederland	11½%	PK Finans. Intl. (UK)	12 %
Canada Permanent	11½%	Provincial Trust Ltd.	12½%
Cayzer Ltd.	11½%	R. Raphael & Sons	11½%
Cedar Holdings	12 %	Roxburghe Guarantee	12 %
■ Charterhouse Japhet	11½%	Royal Bank of Scotland	11½%
Choulartons**		Royal Trust Co. Canada	11½%
Citibank NA	11½%	■ J. Henry Schroder Wagg	11½%
Citibank Savings	¶12½%	Standard Chartered	‖11½%
City Merchants Bank	11½%	TCB	11½%
Clydesdale Bank	11½%	Trustee Savings Bank	11½%
C. E. Coates & Co. Ltd.	12 %	United Bank of Kuwait	11½%
Comm. Bk. N. East	11½%	United Mizrahi Bank	11½%
Consolidated Credits	11½%	Westpac Banking Corp.	11½%
Continental Trust Ltd.	11½%	Whiteaway Laidlaw	12 %
Co-operative Bank	11½%	Williams & Glyn's	11½%
The Cyprus Popular Bk.	11½%	Yorkshire Bank	11½%
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd.	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	13 %		
First Nat. Secs. Ltd.	13 %		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptns.	12½%		
Grindlays Bank	‡11½%		
■ Guinness Mahon	11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%, 1 month 8.50%. Top Tier—£2,500+ at 3 monthly notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8% gross.
§ 21-day deposits over £1,000 9.25%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
‖ Demand deposits 8%.

SRI LANKA PEACE TALK

India tries to force the pace

By Alain Cass, Asia Editor

THE GOVERNMENT of Sri Lanka is coming under increasing pressure from New Delhi to take some tough decisions towards an agreement with the island's secessionist Tamil groups.

Mr Rajiv Gandhi, the Indian Prime Minister, has thrown his personal weight behind efforts to find a settlement. The next few days should tell whether he and Mr Romesh Bhandari, his Foreign Secretary, can find a new basis for talks between Sri Lanka's Tamils and the predominantly Sinhalese Government following the collapse of the talks in Thimphu, capital of the Himalayan kingdom of Bhutan.

Mr Gandhi thinks Mr Junius Jayewardene, Sri Lanka's President, is dragging his *feet*. The Indian leader wants to see Mr Jayewardene make an improved offer towards "substantial and meaningful" devolution for the Tamils. In return India would "guarantee" a solution by controlling the activity of Tamil guerrilla groups sheltering in the southern India state of Tamil Nadu.

Sri Lanka is *an island divided* by fear and mistrust. With every day that passes *and every* new atrocity committed, the chances of reconciliation between the country's two main ethnic groups—the Sinhalese

Battles which began more than 2,000 years ago

and the Tamils—grow dimmer.

Nowhere is this more evident than in the refugee camps. In Anuradhapura, Sri Lanka's Buddhist city, the *camps* are *filled with people on* the edge of despair. They are short of food, medicines *and of hope*. A family of five receives the equivalent of Rs 115 (£3.20) from the Government to live for a week.

They tell harrowing stories of homes burnt, women raped, their men and children shot dead. One woman said Tamil guerrillas had cut off the breasts of her sister, hacked her to death and driven the rest of the family away at gunpoint before setting their house on fire. There is no way of knowing if these stories, and others like them, are true. What is *real enough is* the *fear* and misery etched on the faces of the refugees.

The *refugees of Anuradhapura differ from those in the* east and the north of the country in one respect only. They are Sinhalese, members of the island's majority race. The refugees around Trincomalee, Sri Lanka's strategic east coast port—Nelson called it the "finest harbour in the world" —*and Jaffna in the north* are Tamils, the predominantly *Hindu* minority which constitutes around 18 per cent of the island's 15m population. They have been the victims of Sinhalese violence, equally brutal and arbitrary.

The Sinhalese and the Tamils of Sri Lanka are today fighting battles which began more than 2,000 years ago. Since the communal riots of July 1983, when the *present round* of bloodletting began, hundreds, *possibly* thousands, of people have died and, as a result, large numbers of refugees have been on the move, slowly partitioning the country in all but name and greatly complicating the task of finding a solution.

The Tamils—up to 200,000—have fled north and east into their traditional heartlands. Over 150,000 more have fled abroad, 100,000 to Tamil Nadu where 50m of their kinfolk live.

The Sinhalese—around 30,000 of them—have been driven *back south into their preserves*. Jaffna, "capital" of the Tamil revolt, *is no longer, in any* effective sense, under government control. Trincomalee, where Tamils, Sinhalese and Moors each account for roughly one third of the population, has been *cut off* from two of the three *land routes linking it* to the rest of the country by Tamil *guerillas. Towns not far north* of Anuradhapura are seriously disputed as Sri Lanka's demoralised army comes under growing pressure.

This new reality on the ground lends unprecedented *urgency* to the current search for a compromise by India between Tamil *demands for an autonomous or semi-autonomous* state and the predominantly Sinhalese Government's fears of secession.

For the Sri Lanka Government every square mile gained by the Tamils and every Sinhalese driven out of his home *represents a serious challenge* to the country's unity.

Little wonder that Mr Lalith Athulathmudali, the hard-line *Minister* of National Security whose plan to resettle 200,000 Sinhalese in the Tamil areas is in tatters, insists: "In any settlement everybody must go home. That is fundamental."

The urgency to find a solution is compounded by a rapidly deteriorating economic situation. Until recently, favourable tea prices—Sri Lanka's chief export—skilful handling of the economy and continued aid *from the West succeeded in* staving off the worst. But as Mr Ronnie De Mel, the Finance Minister, concedes: "Escalating defence expenditure to cope with the terrorists, declining tea, coconut and rubber prices and the need to import rice because our own supplies are *being disrupted by the war*, have put our resources under extreme pressure."

Sri Lanka's aid donors, which gave the country nearly $500m in the early summer, are seriously worried. Defence expenditure has increased tenfold in eight years. It now *accounts for 20 per cent of the domestic budget*. Investment has fallen off, tourism is down sharply, exports have dropped and both the current account and balance of payments are in deficit. Inflation—the one bright spot so far—is projected to rise from virtually nothing to an annual rate of 8 per cent.

"The aid donors have told us in no uncertain terms that we should find a political solution *to our problems as soon as* possible," says Mr De Mel.

An early solution is also important for India which has a vital interest in preventing civil war in Sri Lanka. Continued instability on the island could spill over into Tamil Nadu, adding to India's regional problems, which include Punjab, Assam and Kashmir.

The increasingly effective insurgency by the five main *Tamil guerrilla groups and* pressure from India which is *growing impatient with the* government of President Junius Jayewardene have injected new momentum into the talks in New Delhi.

The discussion now centres on the setting up of provincial councils in the north and east of the islands and on the powers these bodies would have over such key areas such as education, land, finance and law and order.

Mr Gandhi has suggested that India's federal constitution could provide a model for Sri Lanka. But the Colombo Government is resisting this idea, claiming that the country *is* too small for this degree of devolution.

President Jayewardene's Government is also refusing to *allow* linkage between *the* northern and eastern provinces, claiming this would amount to creating a state within a state. As for Tamil demands that the largely Sinhalese army, which has committed a number of *well-documented* acts of brutal reprisal against Tamil civilians, be removed from their areas, the Government simply says this would be an unacceptable loss of sovereignty.

In the past six months the Government has sharply increased its arms procurement programme, adding new fast patrol boats, attack helicopters *and transport aircraft* to its arsenal. It has also hired a Channel Islands company to recruit and train a 900-strong commando unit to fight the guerrillas.

"There are those," said a Western diplomat "who believe they can win this war. These are army *commanders* who live in ivory towers or are deliberately misleading their political masters."

The problem of finding a compromise is made more difficult by *a sense of drift at the* top. Sri Lanka's Cabinet is divided between those who want to give the Tamils as little as possible and those who favour a maximalist solution.

Those who argue against anything more than devolution at district level claim that there is a line beyond which the country's Buddhist Sinhalese majority will not allow the Government to go. An *increasing number within the* Government, however, reject this view. "*This so-called red line*," *said* one official," is a purely imaginary *one created by those who* would benefit from chaos because *it would give them* a chance to take power."

The tragedy, as many of the President's critics point out, is that he could have settled the issue in 1977 when his United National Party (UNP) *swept* into power by a landslide. The Tamil United Liberation Front (TULF) formed the biggest opposition group in parliament and it might have been persuaded to drop its demands for Eelam—an independent homeland in return for modest devolution proposals.

Today, after two years of spiralling violence, army brutality and rising terrorist activity, the battle lines are drawn more sharply than ever *before and there is little* inclination to compromise, especially among the Tamil guerrilla groups.

Says Mrs Sirimavo Bandaranaike, leader of the Sri Lanka Freedom Party and Prime Minister for 12 years: "In the north the army is virtually a prisoner *in its own barracks. Our* people are refugees in their own country. The Government is drifting and India is imposing a solution. It's all very sad."

Sad it may be, but the loss of

Instability could spill over to Tamil Nadu

Sri Lankan sovereignty over its immediate destiny, in the circumstances, was inevitable. Only India, with its leverage over the Tamil guerrillas based in Tamil Nadu, can exert enough pressure to bring about a peaceful settlement.

A compromise between the Government, the TULF, and *some of the guerrilla groups* may still be possible. But to achieve this, as many of his own supporters concede, President Jayewardene will have to accept that Sri Lanka is a multi-ethnic society in which no one race can again be entirely dominant.

Lombard

A toast for feudal England

By Michael Prowse

HOW MANY people, offered a *one way trip in H. G. Wells's* time machine, would swop their comfortable existence in 1985 for the rough-and-tumble of 1485? The answer, almost certainly, is very few. The majority of ordinary people would regard the prospect of a short and brutish life in feudal England with something approaching horror. The intrepid time travellers would be likely to number only a few zealous historians, overwhelmed with curiosity about their "period," and a handful of the more eccentric "greens" who hate all technology and today opt to grow parsnips in Wales.

There is, however, another class of Englishman—the *serious drinker*—who might be tempted by a trip back to 1485. It would, after all, present the exciting prospect of a decade of unrestricted drinking in ancient ale houses. For it was in 1495 that Henry VII introduced the *first legislation controlling the* sale of alcoholic beverages. With brief hours of intoxicating freedom, England has been under the yoke of licensing laws ever since. The question raised by a new Hobart paper by *Professor John Parry Lewis is* whether the status quo of 1485 should be restored during the reign of Thatcher I.

It must be doubtful whether Professor Parry Lewis's careful libertarian arguments for a speedy liberalisation of licensing laws would have cut much *ice* with Henry VII: market economics had a limited following in England 300 years before the writings of Adam Smith (who was in any case a Scotsman). It would have been a dicey business to have asserted the rights (untrammelled drinking hours) of the "sovereign" *consumer* at the *court of a real* sovereign.

Yet it would be wrong to criticise Henry's original decision. It was not a paternalistic desire to protect his subjects from the indignities of alcoholism which motivated the restrictions on opening hours, but a concern for the defence of the realm. Henry clamped down *on* ale houses because he wanted to discourage the indoor games pursued therein and to encourage the more manly pastime of archery. Nowadays the desired switch in consumer preferences could be achieved more neatly through fiscal *policy*—a tax on dart-boards and a subsidy for crossbows.

Modern politicians have the same priorities as Henry VII: *defence policy* invariably rides roughshod over market principles. *A relaxation of licensing* laws would be inconceivable if it could be *shown to endanger* the Trident missile programme. Fortunately there is no evidence that it would; nor is there any longer a very strong case for promoting archery. This means that, unlike in 1485, the case for keeping irksome rules on opening hours really does rest on the relative merits of the libertarian and paternalistic arguments (national defence can safely be put on one side).

But the paternalistic argument for restrictions is about as weak as any argument known to man. It is absurd to believe that licensing laws can protect people from alcoholism; even if they could it is doubtful whether the state should intervene in this way. As it is, the absence *of restrictions* on the private consumption of alcohol means that people can *choose* to become drunk at any hour of the night or day. And anybody who ventures into a London pub on a Friday evening can observe just how easily people can become legless within the *existing hours. If* anything, the experience of the relaxation of licensing laws in Scotland in 1972 suggests that liberalisation, far from encouraging drunkenness, would tend to reduce its incidence.

The bewildering panoply of controls over where and when *adults* can enjoy *alcoholic drink* is a bizarre and irrational infringement of personal liberty which appears to serve no purpose beyond the bafflement of tourists reared in more civilised countries. Liberalisation of licensing laws is desirable in itself but the sweeping aside of 500 years of legislation by the Thatcher government would also serve a deeper purpose. It would help to convince a still *sceptical public* that market economics is not synonymous with misery and cutbacks but concerned to widen the freedom and opportunities of individuals.

Freedom to Drink by J. Parry Lewis. Institute of Economic Affairs, £2.50.

Letters to the Editor

Selling life assurance

From the Deputy Chairman, Burgoyne Alford

Sir,—Your comment under "The selling of life assurance" (August 30) regarding remuneration is somewhat off target.

Brokers are the agents of their client, the proposer, and have been so since the industry started. There is no mystique involved and the public is fully aware that brokers earn brokerage, which is paid by the insurer. That there is a dichotomy is undeniable but the alternative is for the broker to charge a fee like other professionals such as solicitors and accountants. Surely that would be detrimental to public interests as the present and long standing practice means that the public are getting the best deal and obtaining independent advice without having to put their hands in their pocket.

From your comments it would appear that there is some confusion between agents and brokers. Brokers are independent and offer to their clients a choice of security and terms, whereas the agent only normally acts for a single company.

I do not argue that the difference between these two should be clearly stated but your attack on brokers and their method of remuneration is unwarranted and the alternative, I suggest, is unattractive to Mr Public.

Michael J. Till,
87-95 Tooley Street, SE1.

The rating system

From Dr R. Sandilands.

Sir,—Dr Catch (August 29) complains that the owner of a valuable site has already paid through a high purchase price for the various amenities, natural or man-made, that he enjoys. He therefore sees no justification for being asked to pay high rates for *his local* government services and would prefer the per capita tax instead.

If, however, this per capita poll or residents' tax were introduced to replace the present rating system the price of land and buildings would immediately shoot up to capitalise the higher stream of expected future net returns from property owning. There would be windfall gains to existing owners and increased difficulty for others trying to enter the market for the first time.

If the present rating system were altered to site value rating land prices would fall but, as rates on improvements were reduced or abolished, development would become more profitable. Initially the price of bricks and mortar would rise, but as the building industry expanded its capacity prices would fall towards the long-run competitive level of costs.

This mechanism does not apply in the case of land which is fixed in supply. Low rates on site values raise the price of land without increasing its supply while encouraging speculative holdings of idle land; *high rates on site values* reduce the price of land without reducing its supply but encouraging its more intensive development (subject of course to the usual zoning and green-belt restrictions).

Site values are higher where the potential benefits from amenities of all kinds—whether natural beauty or the national or local rail links to which Dr Catch alludes—are greatest. Site value rating therefore commends itself to natural justice rather more than a flat poll tax since individuals do not enjoy natural and community-made amenities equally.

Dr R. J. Sandilands,
Department of Economics,
University of Strathclyde,
100, Cathedral Street, Glasgow

Views of South Africa

From Mr R. Mares

Sir, — My working life in *three countries of southern* Africa, including the "homeland" of Transkei, qualifies me to comment on Bernard Simon's article on South Africa (August 15). He says that despair confronts him on his return there: in my case despair comes from what I see and hear on the media here. As an example, Simon's report of the English-*speaking conscript with the* swastika on the sole of his shoe *should be countered by* my experience of six conscripts doing *their army service* teaching in Transkei instead of being "boys on the border," four English speaking, and five as liberal and well-intentioned to the blacks as any young men in the West.

Simon's correct description of Kwandebele as "wretched" should be balanced by accounts I could give of development in Transkei, a country which is as dependent upon South Africa as is Lesotho and with as much right to be recognised as a "*free*" African country by the rest of the world. Only an accident of history prevents this.

Simon says that family and friends in South Africa know less about the turmoil there than do people in the West. This is simply not true. The West knows and hears only of the turmoil, and the South Africa Broadcasting Corporation *does* report scenes of disorder from the townships. He asks the BBC and the Voice of America to do all South Africa a great favour by setting up powerful transmitters. When in the area I have always been able to hear *them on inexpensive transistor* radios, not to mention Russia, Germany, Netherlands and France.

As for the Press, the Cape Town Argus and the East London Daily Despatch often are critical of Pretoria. To say "... areas outside the troubled townships remain remarkably calm is as unnewsworthy as to say that trouble in Ulster does not disturb the citizens of Slough, or that bombs in Beirut still means business as usual in Tel Aviv. It does not just "seem so normal"; it is normal.

There is violence in the KwaMashu township of Durban; my *daughter lives* just five minutes' walk from the boundary between *Indian/Coloured and* White; her last letter said: "There has been a lot of violence in Durban, but as is always the case, it does not affect anybody in suburbia and if we did not see it on the news we would not know it was happening. As usual, the situation is vastly exaggerated overseas and it is certainly not the beginning of a revolution."

If only the West would try to help South Africa and realise that reform can come neither from the bomb *nor* the ballot box, then progress might be less painful.

R. G. Mares.
Whitegates, Grigg Lane,
Headcorn, Kent.

The Sizewell Marathon

From the Director,
Town and Country Planning Association

Sir,—There are two points I would like to raise by way of comment on the excellent article by Andrew Gowers, "The lessons of the Sizewell marathon" (August 30).

It is not true to say that the objectors were divided among themselves at the inquiry. Quite the reverse in fact, because there was very frequent consultation among all the objecting parties over a two-year period before the inquiry started, and this continued during the inquiry itself. There was *co-ordination of and agreement* as to which topics each party *would be covering so that gaps*, duplication and contradictions *could be avoided; and very little* difference of opinion emerged as to the particular line of argument to be pursued on any topic. Given the great diversity of the objecting organisations I doubt if better co-operation or co-ordination could have been achieved.

The two important procedural innovations which the inspector introduced, namely the appointment of counsel to the inquiry and invitations to independent witnesses and the commissioning of independent research, were both recommendations made to the inspector by this *association at one of the pre-*inquiry meetings. We were, of course, very pleased that these recommendations were adopted.

David Hall.
17, Carlton House Terrace, SW1.

Currency options

From the Publisher, Foreign Currency Options Letter

Sir,—Your recent correspondents have missed the point about currency options. The respective merits of over the *counter* and *exchange traded* options are *a* minor point beside the benefits arising from their interrelationships.

OTC options are a more convenient and, usually, cheaper route for the corporate treasurer to take. But the ability of banks to offset part of their open positions on the exchanges is important in *enabling* them to underpin their service to customers and keep *their fees competitive*.

So, the existence of both varieties of option results in a more flexible and economic service for corporate treasurers than would be the case were one to exist alone.

Andrew Short.
57-61, Mortimer Street, W1.

Recruiting new members

From the Campaign Director, Freedom Association

Sir,—Men and Matters (August 27) says that the GWU's Joe Mills's idea for making all Labour affiliated union members automatically members of the Labour Party too is guarantied to induce apoplexy at the Freedom Association.

Not so. Under these new circumstances we *would* advise our members to play a full part in their *local Labour Party* affairs. Truly, the Labour Party would then be opened up to a wide-ranging debate.

At *present far* too few of our supporters are members of the *Labour Party. But hey presto!* With Mr Mills's scheme at last *we will be able to have our* proper voice in its affairs.

*The scheme may be half-*baked. Never mind, Joe Mills *has my backing*. He is a fit candidate for No. 2 position in the TGWU. I endorse him.

Gerald Hartup.
360-366 Oxford Street, W1.

FINANCIAL TIMES
Tuesday September 3 1985

Guy de Jonquieres in London looks at the confused state of world telecommunications policy

Diverse strategies for similar challenges

WORLD telecommunications policy is in a state of confusion, as policymakers struggle to come to terms with a bewildering array of economic and technological pressures which are radically transforming the industry's structure, according to a report published yesterday by the International Institute of Communications (IIC).

Though many of the challenges are broadly similar, responses in different countries diverge widely the report suggests. The consequence of this diversity is to "disrupt consensus, prevent the development of new rules and create anarchy in the international telecommunications arena."

UK telecommunications policies, for example, face an uncertain future because the Government's aims are contradictory and inconsistent.

The report doubts that the British Office of Telecommunications (Oftel) is up to the task of ensuring fair competition and says a much stronger regulatory authority may be needed. It also says liberalisation may be frustrated because too many different parts of Government are involved in supervising it.

The IIC report, which consists of analyses by three U.S. lawyers of a dozen countries, was sponsored by 12 organisations including AT & T, Cable and Wireless and Nippon Telegraph and Telephone, government bodies in France, West Germany and Canada and Citicorp and Reuters.

The London-based IIC is a research body whose members include telecommunications administrations, governments and private companies in 75 countries.

The report emphasises that policies towards the telecommunications and information industries are having a huge impact on different countries' economic growth and productivity and on international economic and trade relations. It identifies two main currents of change:

Tariff structures: Pressures on telecommunications operators to abandon their traditional policies of cross-subsidy and price individual services in line with cost will continue to grow, it says.

This is a delicate issue, because it involves raising tariffs for residential subscribers faster than for business users. "Policymakers are being confronted with the agonising dilemma of weighing the short-term political costs of implementing new price structures against the long-term economic benefits likely to result," the report says.

Tariff restructuring is most advanced in the U.S., Britain and Japan, which have all introduced competitive policies. But the impact is spreading far beyond their home markets, and some countries which still have monopoly carriers, such as France, have also begun to reformulate their tariff policies.

Other countries, notably West Germany, continue to resist such changes. But the report argues that they will pay a heavy price in lost revenues because large business users will tend to avoid those countries which keep tariffs high. "It has become increasingly clear that inaction and indecision are not viable responses to these pressures," it says.

Technological change: Traditional dividing lines are crumbling not just between computing and telecommunications but also between these industries and the financial and transactional services sectors. "As these differences are becoming ever more difficult to discern, policymakers are confronted with the task of referreeing a game that has rules that are in constant flux." At the same time, national satellite services are proliferating in a largely unco-ordinated way, notably in Western Europe, and leapfrogging terrestrial networks. Because of the heavy investments and high risks involved, some countries may choose to transfer responsibility for these projects to the private sector.

A major problem bedevilling regulators is how to arrive at satisfactory definitions in the face of these fast-changing boundary lines. Policymakers everywhere are groping, in particular, with the task of differentiating between "basic" and "value added" services, and between communications "facilities" and "services."

The report also points out that even U.S. decisions to reduce regulation by opening the telecommunications market to competition have not resolved these problems. The Federal Communications Commission has been reluctantly obliged to act as referee in disputes between different parts of the industry about how the new rules should work.

Though Britain and Japan have followed the U.S. in allowing competition in basic transmission services, the IIC report believes that continental European countries will maintain their monopolies over public telecommunications networks for the foreseeable future. But many of them are considering liberalising "enhanced" or "value added" services to different degrees.

The British Government's objective, it says, in liberalising the telecommunications market conflicts with its "ideological commitment" to selling shares in nationalised industries and the consequent need to satisfy private investors.

"Any government effort to ensure the success of the newly privatised British Telecom could frustrate the goal of introducing competition into the British telecommunications market," it says. "In addition, the particular regulatory measures adopted to pursue these broad objectives involve their own series of potentially conflicting goals."

"The Government cannot avoid having to choose between these objectives in the coming months. The fact that the Government's policies may frustrate each other means that the ultimate outcome of new British telecommunications policies is surrounded with great uncertainty."

The report suggests that, in its effort to avoid creating a cumbersome regulatory system, the Government has denied Oftel the resources needed to do its job properly. Inadequate staffing could leave Oftel struggling permanently to control British Telecom and keep up with market developments.

Belgian coalition split over constitution

By Paul Cheeseright in Brussels

THE BELGIAN general election campaign moved into full swing yesterday as the four parties making up the centre-right coalition Government of Mr Wilfried Martens haggled over whether there should be a programme of constitutional revision.

Meetings of the coalition party leaders from the Dutch-speaking Christian Democrats, the French-speaking Social Christians and Liberals of both linguistic groups failed to reach any agreement as the parties staked out their positions for the campaign.

The arguments signalled the death throes of the Martens Government, his fifth and the longest running in Belgium for 20 years. But the administration has been comatose since July when the French-speaking Liberals agreed to continue in power only if the election was brought forward to October 13 from December.

Parliament is expected to be dissolved by King Baudouin either tomorrow or shortly afterwards. The practical effect of the arguments will be to decide whether, for the period until the election, Belgium has a caretaker government or one with full power.

As speculation about a Government resignation mounted – the running of the administration checked by the constitutional dispute – senior officials noted that it was all a question of formalities.

The dispute is centred on whether the constitution should be revised to allow education to be fully controlled at communal level, replacing the national system. If the next parliament is to have the powers of a constitional assembly then a list of articles for revision must be presented to the present parliament by the Government and approved by both houses of the legislature.

But the Martens cabinet has failed to agree on the articles to be submitted for revision. The Christian Democrats have been pushing for change to a more federal structure for education. The Social Christians have refused to relax their opposition.

The argument between these two centre parties is likely to complicate talks after the election on the formation of a new Government, if the existing parties making up the majority retain their position at the polls.

Attack on UK employment laws set to widen unions' split

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN BLACKPOOL

BRITAIN'S Trades Union Congress (TUC), is today set to reaffirm its defiance of the Government's employment legislation – a vote which will widen the gulf between the Congress majority and the two major craft unions committed to taking state aid for postal ballots.

Mr Ron Todd, the new General-Secretary of the Transport and General Workers Union made a passionate plea for a return to the principles adopted at the TUC's special conference in Wembley in 1982.

One of these stated that no union should accept state aid to finance ballots of its membership.

Referring directly to the two dissident unions – the Amalgamated Union of Engineering Workers and the Electricians Union the EETPU – Mr Todd said "Some unions, had set themselves against the TUC in defiance – but how do we stand in the eyes of our members – if we reject the Wembley principles and throw them away. Why would we need a TUC centre except as a centralised data bank? How do we talk to Government, even a future Labour Government?"

In contrast, Mr Eric Hammond General Secretary of the EETPU said: "The world outside will see action against us as partial and divisive – we cannot surrender powers given to us by members."

Voting on the range of motions on union attitudes to the law is delayed until this morning but there is no doubt that the resolution reasserting defiance moved by Mr Todd will be carried, while Mr Hammond's call for a recognition that the Wembley principles are now out-dated and must be reviewed will be turned down. The general council has already voted by a 3–1 margin to oppose it.

Mr Todd's resolution also contains provision for a "major review of industrial legislation" which will be seized on by those unions willing to moderate Congress policy. However, the speed of change is likely to be too slow to grapple with the crisis with which the TUC is still gripped.

The AUEW executive meets tonight to make a final response to the General Council's demand that it desists from any further application for funds.

The General Council meeting yesterday morning voted narrowly by 24–22 to support its previous decision to give the engineers until tonight to determine its position.

Mr Roy Hattersley, deputy leader of the Labour Party, made it clear that the expulsion of the two unions would not necessarily be followed by their being stripped of party affiliation. "The precedents are very clear; it would quite impossible to envisage the AUEW and the EETPU not playing a full part. The Labour Party has had affiliates in dispute with the TUC before."

Mr Norman Willis, TUC General Secretary, calling for Congress unity to support the cause of the trade unionists at the Government's communications headquarters at Cheltenham where trade unionists have been banned said: "If this battle is to be won we need the electricity unions (who are to ballot on a 24-hour power cut in support of GCHQ unionists) altogether. We need the engineers in this Congress. We need a national centre."

A group of GCHQ trade unionists in the gallery were given a standing ovation as Congress began.

The divisions between unions were emphasised still further in a motion which condemned single union agreements of the kind signed by both the EETPU and the AUEW. Mr Tony Dubbins, General Secretary of the National Graphical Association, said that the motion's success – again a certainty this morning – would mean that the EETPU's single union deal at a new national daily newspaper would not be supported by the TUC.

GCHQ unions debate, Page 6

Re-enter Pertini, stage left

By James Buxton in Rome

SIG SANDRO PERTINI, who was until two months ago President of Italy, is planning to return to the political fray and to launch a campaign that appears to threaten the balance of political forces on which Sig Bettino Craxi's Government is founded.

He wants the Socialist Party, of which Signor Craxi is the leader, to improve its relations with the opposition Communist Party. If necessary, he says, he is prepared to "tour the country, holding political meetings."

Despite being 88 years old, "I am glad to say that I lack neither passion nor energy," he says.

Sig Pertini, who is now a Senator for life, is a veteran member of the Socialist Party. But his sympathies are evidently with those members of the party who dislike the way Sig Craxi has moved the Socialists towards the centre, after years in which the party was in the shadow of the much larger Communist Party.

In so doing, the Socialists have abandoned much of their left-wing doctrine. The party has greatly reduced the size of the hammer and sickle on the party emblem, virtually obliterating it with a big red carnation.

Thanks in part to those changes the Socialist Party has not only attracted a new type of middle-class membership but has for the first time achieved the prime minstership, ruling in coalition with the much larger centrist Christian Democrat Party.

It has openly attacked the Communists and Sig Craxi has often positively revelled in the Communist Party barbs against him. He was delighted by the Communists' big setback in the local elections earlier this year. In several leading cities, the Socialists have now abandoned coalition administration with the Communists to go into partnership with the Christian Democrats.

But Sig Pertini says in an interview in today's issue of the weekly magazine Panorama that the Socialist Party is making a mistake in taking an anti-Communist line. "Craxi should remember that by doing this he is not simply offending a few party bosses, but also a big chunk of the working class, of which we represent a part."

He says that by doing so, Sig Craxi is playing into the hands of Sig Ciriaco De Mita, the Christian Democrat leader, who Sig Pertini claims wants to make the Socialist Party into the party of the *petite bourgeoisie*.

A campaign by Sig Pertini for a rapprochement between the Socialists and the Communists, with the Socialists being expected to change their tune might be both irritating and embarrassing to Sig Craxi.

Sig Pertini is less than unstinting in his praise for Sig Craxi in the interview, although he says that his "overall judgment" of him is "positive" and that Sig Craxi has the qualities of a "statesman."

The former president shows no regard at all for Sig Alessandro Natta, the Communist Party leader, who last year replaced the late Enrico Berlinguer. He implies that Sig Natta is "weak and indecisive." He says he would like to see Sig Luciano Lama, the popular leader of the Communist – majority CGIL union, leading the Communist Party.

HK$1bn credit to keep Tung unit afloat

Continued from Page 1

yesterday's support package being arranged.

The shipper has a reputation for being well managed, and in any case container operations have been seen to be less depressed than many other shipping operations worldwide.

Hongkong Bank is OOHL's main creditor. The new credits, terms for which have not been disclosed, will be secured against various OOHL assets, among them properties owned in New York, Sydney, Singapore and London.

Hambro Pacific said that as soon as it was clear that the new credit lines had succeeded in "securing the short-term position" of the group, then as financial advisers they would set about assessing its longer-term financial position. Proposals would be made on a reorganisation of its businesses in due course, he said, and until then, trading in the group's shares is likely to remain suspended.

South African moves spur recovery in rand

Continued from Page 1

They reported particular concern about the ability of the London branch of one South African bank to meet the obligations arising from previous foreign-exchange deals.

That concern was being translated into an unwillingness to enter into new transactions. "If someone reneges you tend not to risk dealing with them again," one senior British banker said.

Bankers are concerned about the possible knock-on effect in the interbank market if foreign exchange transactions are not concluded when they fall due.

Information so far received from the reserve bank had not fully clarified the situation. Although foreign exchange deals contracted before last Wednesday are theoretically exempted from the new regulations, the ability of individual banks to settle was less certain, the bankers said.

Leading members of the EEC foreign ministers' mission to South Africa returned to Europe yesterday without any firm recommendations for or against economic sanctions to put to their colleagues next week.

The argument they are most likely to put forward, according to officials in Brussels and Luxembourg, is to wait and see, given that the current international economic pressures on the South African rand and foreign investment amount to more effective action than any specific sanctions which could be imposed by EEC governments.

M Jacques Poos, the Luxembourg Foreign Minister who headed the trip, said on his return to Frankfurt that any sanctions would be of "second-rate importance" compared with the pressure already faced by the South African Government.

The big Swiss banks will continue business as usual with South Africa, Mr Max Kupp, a member of the management board of Credit Suisse, said in Geneva yesterday.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	26	79	Dubrovnik	S	26	79	Malaga	S	26	78	Salzburg	S	21	70
Algarve	S	28	82	Faro	S	27	81	Malta	S	29	84	Seoul	R	23	73
Algiers	S	35	95	Florence	F	29	84	Manila	S	33	91	Singapore	R	28	82
Amsterdam	S	19	66	Frankfurt	S	20	68	Miami	C	30	87	Stockholm	C	19	66
Athens	S	32	90	Funchal	S	25	77	Milan	F	26	79	Strasbourg	S	21	70
Bahrain	S	40	104	Geneva	S	22	72	Moscow	S	21	70	Sydney	S	17	63
Bangkok	S	34	93	Gibraltar	Fg	21	70	Munich	S	21	70	Taipei	C	32	90
Barcelona	S	27	81	Guernsey	R	15	59	Nairobi	C	17	63	Tangier	S	30	86
Beirut	F	28	82	Helsinki	C	18	64	Naples	F	27	81	Tehran	—	—	—
Belgrade	S	29	84	H. Kong	C	29	84	New Delhi	C	33	91	Tel Aviv	C	30	86
Berlin	C	20	68	Innsbruck	S	21	70	New York	S	23	74	Tenerife	S	29	84
Biarritz	S	24	75	Inverness	R	11	52	Nice	S	25	77	Tokyo	S	35	95
Blackpool	R	12	54	Istanbul	F	26	79	Oporto	S	22	72	Toronto	C	21	70
Bordeaux	S	24	75	Jersey	R	15	59	Oslo	C	18	64	Tunis	S	32	90
Brussels	C	22	72	Jo'burg	S	20	68	Paris	C	21	70	Valencia	F	29	84
Budapest	F	26	79	Las Palmas	S	25	77	Prague	F	18	66	Venice	S	26	79
B. Aires	S	13	55	Lima	C	18	64	Reykjavik	S	8	48	Vienna	C	26	79
Cairo	C	31	88	Lisbon	S	31	88	Rio de J'o	R	26	79	Warsaw	S	25	77
Cape Town	C	18	64	Locarno	F	24	75	Rome	S	32	90	Zurich	S	21	70
Caracas	S	27	81	London	C	17	63								
Casablanca	S	26	79	Los Angeles	C	31	88								
Copenhagen	C	21	70	Luxembourg	F	16	61								
Corfu	S	29	84	Madrid	S	35	95								
Dublin	R	16	61	Majorca	—	—	—								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Belgrade-IMF talks

BY ALEKSANDAR LEBL IN BELGRADE

A TEAM from the International Monetary Fund is due to start regular consultations with Yugoslav authorities today. At the end of August the IMF released the SDR 80m ($82.4m) tranche of a one-year standby credit arranged last May.

A few days earlier Yugoslav negotiators received the latest proposals of the International Co-ordinating Committee of creditor banks regarding the rescheduling of the Yugoslav debt falling due between 1985 and 1988.

They still have to send a reply to the co-ordinating committee, although it has been assumed in Belgrade that the reply will be positive. The negotiators deny that there has been a link between the release of the tranche and the reaching of the rescheduling agreement.

The IMF team is likely to find out in consultations that there is an improvement on conditions earlier this year but that the economy is still not up to the estimates and commitments contained in the memorandum Yugoslavia sent at the time of the standby agreement. Inflation, for example, is still high: retail prices were up 74 per cent in July this year compared with the same month of 1984, although there have been some signs of its abating.

THE LEX COLUMN

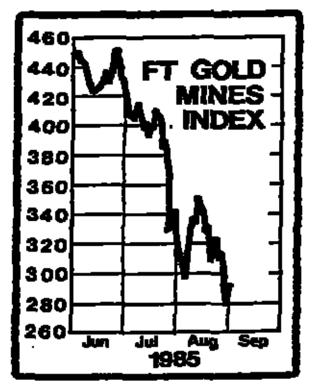
Relaxing voyage around the Cape

Bankers' reactions to the South African freeze fell predictably into the anodyne and possibly hysterical camps yesterday. The publishable though officially confidential line is that nothing of consequence has changed. South Africa was manifestly in difficulties for several weeks, if not months, before Dr de Kock's tour of central banks – which had in any case apparently been planned some time ago. The country's underlying solvency has not yet deteriorated to the point where it makes sense for banks to write off South African loans; it seems clear that interest will be paid like clockwork and principal is still expected to be forthcoming without too costly a delay.

From this anaesthetic viewpoint, the only thing that has happened is that the maturity of the shorter loans on the book – perhaps $3bn was due to be repaid or rolled over in six months or less – has now slipped a little. But since there is supposedly no final risk, there is equally no point in providing against loss of capital. Yet even on this argument, there will be a noticeable reduction in the liquidity of the assets in question.

Doubts about the liquidity of the interbank market are, however, exactly the point. Successfully smoothed over by the public relations steamroller before the weekend, questions about the safety of interbank deposits included in the total of loans – but excluded from any normal rescheduling package – have yet to be settled. The amount at risk internationally could be as much as half the short term total of $12bn. This issue will be put properly to the test only when the U.S. banking system comes back into action today. If the freeze and the extended public holiday have had their intended effect, there should be nothing amiss; if not, the banks' sudden fit of political sensitivity may cost them much more than the loss of a few South African assets.

As to the two-tiered currency arrangement, it too is capable of a fairly relaxed interpretation; it is scarcely more than a reversion to the old – now fondly remembered – days of South Africa's financially controlled prosperity. The commercial rand opened just as high as everyone thought it would, under the obvious bear-squeeze from the Reserve Bank. The financial rand, on the other hand, scarcely came under pressure, since trading in South African securities was understandably muted.



Any thaw that may follow the freeze will have to be as unilateral as the moratorium itself. Commercial banks may get away with having a quiet discussion with the official mediator, rather than a public round of rescheduling talks, but they presumably cannot be seen to offer comfort by reaching formal agreements. They will get what the Reserve Bank chooses to offer them, and whether they accept with good grace will depend on how well the mediator understood their political needs.

Norsk Data

It is difficult enough these days for computer companies to show any increase in profit; for Norsk Data's profits to have more than doubled over the first six months of 1985 is the more remarkable, even given Norsk's ability to trade in niche markets and its highly reputed product. Relatively lightly exposed so far to the really difficult U.S. market, Norsk seems to have remained insulated from the loss of orders and margin erosion that has affected even the strongest combatants in North America.

Given these looming difficulties – which could so easily be translated into disorderly marketing around Europe – it is not too hard to see why Norsk has decided to play down its growth prospects for the second half. The message is that if profits growth looks like getting out of hand, Norsk will try to cool it down, by such methods as deferring orders into the following year and accelerating investment; controlled growth at a mere 40 per cent is the target.

This is sensible enough, so far as it merely represents the way that Norsk plans to run its business; there is plenty to be said in favour of a smooth earnings progression towards the next rights issue. Yet the fact of making such a strategy public carries its own risk in the stock market. Nork's share price of £33¾ represents no more than about 13 times the earnings that moderate optimists would expect in 1986; yet that is currently a multiple which probably assumes that 40 per cent growth can be reliably delivered. Let Norsk's control mechanism undershoot only a little – to produce 35 per cent instead of 45 – and the market will be poised to drop the shares like a hot potato.

IMI

IMI has come a long way from its West Midlands metalbashing origins, but so have market expectations of its performance. So when its interim figures came out yesterday, showing that profits from drinks dispensing – possibly IMI's most exciting division – were marginally down, the shares dropped to 106p, only 2p down on the day, but a fall of 6p from the peaks they had scaled just before the announcement.

Building product profits were predictably lower, but other divisions showed increases respectable enough to push pre-tax profits up by nearly 30 per cent to £22.6m. Titanium, in particular, is moving along nicely in the slipstream of an aircraft construction boom; refined and wrought metal profits rose from £800,000 to £4m.

Prospects for the second half are still good enough for pre-tax profits to reach £55m, but the composition will probably not please the market. The fact that IMI is making metal tanks for its drink machines when most people would rather buy plastic bags in cardboard boxes will drag down profits from that division, leaving the more traditional metals and engineering activities to make up the difference. But on a prospective p/e of eight, the market does not seem to be demanding anything more glamourous, even if the yield has come down from over 9 per cent in the dark days of the recession to under 7 per cent now.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Tuesday September 3 1985

BASF rights issue reflects revival in chemicals industry

BY JOHN DAVIES IN FRANKFURT

BASF, the West German chemical group, is raising DM 760m ($271.4m) in cash through a one-for-14 rights issue in a major new capital increase reflecting the group's business expansion.

The company, which has substantially built up its U.S. interests through takeovers this year, is offering its new shares, with a nominal value of DM 50, at a price of DM 190.

This is more than DM 30 below recent trading values of BASF shares on the Frankfurt bourse. The new shares carry an entitlement to half of this year's dividend.

Under its expansion strategy BASF agreed a few months ago to pay a total of $1.13bn to take over the Inmont motor vehicle coatings and printing ink group, and the carbon fibres and associated operations of Celanese Corporation of the U.S.

Dr Hans Albers, the BASF chief executive, pointed out recently that the company had adequate scope to cover these acquisitions from its liquid assets and from the DM 500m bond issue with share warrants launched earlier this year.

BASF said yesterday that the new rights issue was aimed broadly at providing for the "future capital needs" of the group.

Apart from the bond issue with warrants BASF's last major public share issue was in August 1983, when it raised DM 810m in cash for a one-for-18 rights issue at a price of DM 135.

BASF, like a number of other chemical groups, has been rapidly increasing its sales and profits in a sharp rebound from the industry's 1982 setback.

Its worldwide sales revenue rose 15 per cent to DM 43.5bn last year and its sales in the first half of this year at DM 24bn were 11.9 per cent ahead of the same period last year.

The group's pre-tax profits rose 50 per cent last year to DM 2.52bn, and showed a further 37.3 per cent increase in the first half of this year of DM 1.7bn.

After cutting dividends on their 1982 results BASF and the other two big chemical groups, Bayer and Hoechst, increased their dividends to DM 7 for 1983 and DM 9 for 1984.

Dr Albers indicated recently that BASF had plenty of financial room for manoeuvring to take advantage of any opportunities to pursue its development strategies by takeovers.

As well as strengthening its raw materials business, BASF is intent on building up its specialised operations involving advanced technology and high value-added work.

It has also targeted the U.S. and Asia as areas with strong potential for its business.

The $1bn Inmont takeover gave BASF a sizeable market share in the supply of coatings to the U.S. automobile industry and in the sale of printing inks worldwide.

The takeover of some Celanese operations is part of a longer-term aim to build up BASF's role in the supply of new materials, such as high-performance plastics and fibres.

Norsk Data profits more than doubled

By Fay Gjester in Oslo

NORSK Data, the Norwegian computer group, reports more than doubled profits for the first half of 1985.

On sharply higher sales, profits before tax for the six months have risen to NKr 111.1m ($13.5m) from NKr 50.6m in the comparable 1984 half-year.

The group looks forward to further progress in the current six months. It says a significant increase in production and distribution rates are budgeted for the rest of 1985.

Sales rose to NKr 789.2m from NKr 503.4m, and with margins widening rapidly, operating profits increased by more than half to NKr 87m from the NKr 42.2m of 1984.

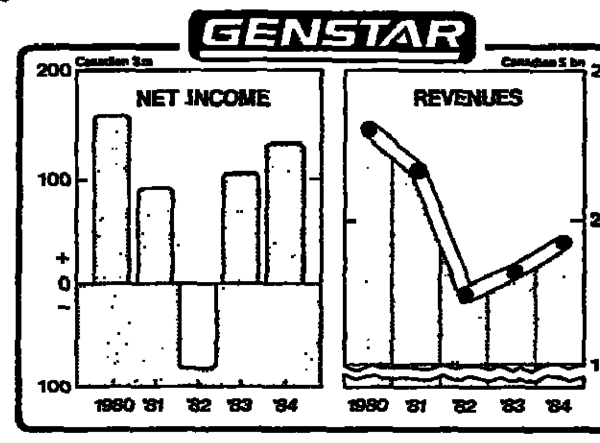
Operating profit margins improved from 8.4 to 11 per cent partly as a result of economies of scale. But the sales mix also improved, with computer systems accounting for a larger proportion of the half-year's turnover.

New orders at the end of June totalled NKr 977m, with computer equipment accounting for NKr 806m. The comparative numbers for June 1984 were NKr 622m and NKr 457m.

TRUSTCO TAKEOVER ONE MORE STEP ALONG AN UNUSUAL CORPORATE ROAD

'Cautious' Genstar becomes major player

BY BERNARD SIMON IN TORONTO



GENSTAR has raised a few eyebrows in the past decade. During a period when conglomerates have supposedly been going out of fashion, the company has transformed itself from a straightforward western Canadian building materials supplier to a widespread North American network of businesses as diverse as waste disposal, coastal barges and mortgage lending.

Genstar's operating style is equally unusual. Its joint chief executive officers, Mr Ross Turner and Mr Angus MacNaughton, have switched titles as chairman and president each year since 1981. Although head office is in Vancouver, operations are directed from San Francisco. The 1984 annual report describes Genstar as "always opportunistic."

The company has caused another stir in the past month by its unexpected success in taking control of Canada Trustco, the country's biggest trust company with corporate assets on June 30 of C$12.8bn (U.S.$9.38bn) and another C$13.6bn of personal and pension trust funds under administration.

Genstar managed to outmanoeuvre both Trustco, which was anxious to preserve its position as the only major Canadian trust company without a controlling shareholder, and the big multinational insurer Manufacturers Life, which Trustco turned to in an effort to thwart the raids from California. Manulife ended up selling Genstar its own 27.6 per cent stake in Trustco.

Joking about the cautious Scots heritage which he shares with Mr Turner, Mr MacNaughton dismisses the widespread perception of Genstar as a buccaneering, risk-oriented company. "We view ourselves as being conservative," he says.

True or not, the C$1.2bn purchase of a 94 per cent stake in Trustco brings another dimension to Genstar, turning it into a major player among Canada's emerging financial conglomerates. Furthermore, Genstar hopes that the contribution from Trustco will bring more stability to its earnings. The company lurched to a pre-tax loss of C$184.7m in 1982, bouncing back to a C$45.9m pre-tax profits in the first half of this year. Revenues reached C$1.1bn in the six months to June 30.

Chief executive Mr Ross Turner said: "We believe that the financial services industry will take some of the cyclicality out of the earnings of our other businesses." Canada Trustco's net earnings have climbed steadily from C$28.2m in 1980 to C$39m in January-June 1985.

Genstar began life 34 years ago as a subsidiary of the Belgian investment company Société Générale de Belgique. The Belgians still have a 14.3 per cent interest and directors on the board.

The company made its first big move into financial services by acquiring another leading trust company, Canada Permanent, in 1981. The following year it grouped its financial services activities into a new holding company, Genstar Financial. These interests include real estate development, rental of electronic equipment, container leasing, leveraged lease brokerage, and portfolio investments in high-tech companies.

Earlier this year, Genstar bought a 10 per cent stake in Gordon Capital Corporation, a successful Toronto securities firm. The two groups have set up a new investment company initially capitalised at C$100m.

The recent performance of Genstar's financial service subsidiaries has been disappointing. Second-quarter earnings were substantially lower than a year ago. Lower sales of venture capital investments accounted for about half the decline. The container and electronic equipment rental markets are depressed, denting earnings from these sources too.

Genstar plans to amalgamate Trustco and Canada Permanent. The merged company will manage assets of almost C$50bn and may be used later as a vehicle to buy a U.S. financial institution.

One of the first tricky decisions – which Mr Turner and Mr MacNaughton say they have not yet taken – is which of the two trust companies' chief executives, both of them highly regarded, will lead the enlarged group. Mr John Hilliker, Canada Permanent's chairman, was recruited less than two years ago from the Canadian Imperial Bank of Commerce to breathe new life into the conservative trust company.

Investors' initial response to the Trustco takeover has been cool. Genstar's share price on the Toronto Stock Exchange has slipped from C$34 to C$22 in the past few weeks as the market contemplates the impact on Genstar of the extra debt burden needed to finance the acquisition.

Mr MacNaughton concedes that the purchase "is going to put a strain on our balance sheet in the short-term." Long-term debt already stood at C$668m on June 30, compared with common shareholders equity of C$805m and a preferred share capital of C$425m.

First-half progress for Elsevier-NDU

BY LAURA RAUN IN AMSTERDAM

ELSEVIER-NDU, the leading Dutch publishing company, lifted its first-half earnings a robust 25 per cent to Fl 50.7m ($16m) thanks largely to English-language publications.

The company also reiterated its forecast that earnings for all of 1985 would exceed last year's Fl 75.8m, although growth probably will slow from last year's 43 per cent surge.

Elsevier is one of the largest publishers of English-language scientific journals in the world and has launched an aggressive U.S. expansion programme aimed at doubling American sales by 1990. That would give the company about one-half of its turnover from the U.S., up from one-third at the moment.

As part of this initiative, Elsevier acquired Gordon Publications, a U.S. publisher of trade journals, at the end of June for a price believed to be between $30m and $40m.

Dutch-language book and magazine-publishing companies, however, reported lower profits, prompting the provision of "considerable" reserves for the paring of loss-making operations.

Henkes Senefelder, a Dutch printing company that has returned less than satisfactory profit will be spun off on October 1.

Sales edged up a modest 4 per cent to Fl 746.5m in the first half. After discounting acquisitions and minority interests, however, turnover rose 9 per cent.

Neptune Orient plans $100m share issue

BY CHRIS SHERWELL IN SINGAPORE

NEPTUNE Orient Line, the Singapore Government-controlled shipping company, is raising $100m through the issue of cumulative redeemable preference shares by two wholly owned subsidiaries.

This is the first instance of such cheap fixed rate medium term financing in the island state.

The issue, which emphasises the growing sophistication of the local capital markets, takes advantage of a provision in the Singapore tax regulations under which the income of a shipping enterprise derived from the operation of Singapore registered ships is exempt from tax.

The two subsidiaries – Neptune ETA and Neptune Iota – each own a 86,400 deadweight crude tanker registered under the Singapore flag. By raising $50m through the issue of 500 $1 shares at an issue price of $100,000 per share, each can offer an attractive dividend while raising funds at relatively low cost to help the parent company's other subsidiaries.

Under the proposed arrangement each preference share will pay a half yearly dividend of 6½ per cent per year on the issue price, net of income tax, and will be redeemable in five years. For Singapore institutions which pay 40 per cent tax, this is equivalent to a gross yield approaching 11 per cent, while even offshore institutions may find that 6½ per cent attractive when bank deposit rates are dipping to 5 per cent.

Although the shares are issued by the subsidiaries, the issue is guaranteed by the parent company and, in turn, by a group of 11 banks, including Bank of Tokyo, Sanwa Bank, Citibank, Amro Bank, Banque Indo-Suez and Mitsubishi Bank.

The issue itself will be privately placed with institutional and professional investors.

J. Lauritzen shows signs of recovery

BY HILARY BARNES IN COPENHAGEN

J. Lauritzen, the Danish shipping company which made a loss of DKr 290m ($29m) in 1984, said it will show some recovery this year but remain in the red.

The company, which operates four offshore drilling units and 70 ships, mainly in refrigerated cargoes, said that a process of ship sales, discontinuation of lossmaking activities, cost reductions and rationalisation is having the desired effect and that the results for the first half year conformed with the budget.

Equity capital increased by DKr 100m to DKr 1.05bn in the first half, not counting loss provision of DKr 400m, while total assets were reduced from DKr 4bn to DKr 3.5bn, said the interim report.

INTERNATIONAL CAPITAL MARKETS

UK building societies to tap Euromarket

BY MAGGIE URRY IN LONDON

THE HALIFAX Building Society has led the way for other UK building societies, with the first Eurobond issue for such a borrower. With the Eurodollar market quietened by the closure of the New York markets for the Labor Day holiday, the £150m Halifax deal provided the main focus for the Eurobond market yesterday.

Until April 6 1986, building societies will not be allowed to pay interest in Eurobonds free of tax. In the past this has prevented any issues. Halifax's floating rate notes will pay the first coupon on April 7 1986 and thereafter pay a quarter, coupon at a rate of 1/16 per cent above three month London interbank offered rate.

The tax treatment was changed in the Finance Act 1985 and will be covered by regulations to be issued soon. The UK tax authorities have apparently assured the building societies that the regulations will be acceptable.

The bonds have a seven-year life, approximately equal to the average life of mortgages in the UK. Fees on the issue total 40 basis points, and though some traders felt the terms to be tight it was agreed that the borrower's name is excellent and the bonds rank above ordinary depositors. The bonds were trading just outside the 25 basis point selling concession.

More issues are certain to follow, with the building societies having agreed an informal queue.

Otherwise the market was preoccupied with bidding for an Italian European currency unit issue, likely to total Ecu 600m, with the possibility of fixed and floating tranches.

Two Australian dollar Eurobond issues were launched yesterday, continuing the stream of deals. Swedish Export Credit came first with a A$40m three year issue paying a 13 per cent coupon and priced at 100¾. Led by Bankers Trust International, the deal is thought to be a swap. Fees total 1½ per cent and the bonds were quoted within that discount.

Later Morgan Guaranty launched a A$60m issue for Morgan Guaranty Australia, which is guaranteed by J. P. Morgan, an AAA borrower. This has a five-year life and a more generous 13¼ per cent coupon. Issue price is 100½. Here the proceeds are believed to be for the use of the borrower and are not being swapped. The lead manager reported sales of paper at the 1¼ per cent selling concession though the deal came too late to trade actively.

The Eurodollar bond market was slightly easier in quiet trading. Sanwa Bank launched a $100m convertible, led by Sanwa International. This has a 15-year life and the coupon is indicated at 2¾ per cent. Issue price is par and the bonds were trading around 103½. Fees are 2½ per cent.

Fuji Bank set the coupon on its $100m convertible at the indicated 2¾ per cent level and fixed a conversion price of Y1,672 compared with the previous closing share price of Y1,610. The bonds are trading around 104½.

In the D-mark Eurobond market two deals were launched. The first, a DM 150m 12 year issue for Eurofima, continued the downward trend in coupons in this market, setting 6¾ per cent. Issue price is par and Deutsche Bank led the deal.

Despite in the low coupon, the issue was trading well at a level comfortably inside the 1¾ per cent selling conession.

The other deal came from Portugal, a less popular name, but with a 7 per cent coupon on the eight-year issue this was also well received. The DM 200m deal, led by Commerzbank, was priced at 100¼. It traded at a discount of around ¾ point, again within the 1½ per cent selling concession.

The rest of the D-mark market was weaker, however, with prices down around ⅛ point on average although trading activity was quiet. South African issues fell by around ⅜ point on average, with lower yielding bonds falling further.

A DM 150m issue by the National Bank of Hungary is expected to be launched today.

Sanwa Bank is also raising SwFr 100m through a convertible private placement. The coupon is expected to be indicated at 1¾ per cent for the five year bonds. Lead manager is UBS. Fuji Bank cut the coupon on its SwFr 120m convertible to 1⅝ per cent from the indicated 1½ per cent. Crédit Suisse led the deal.

Trizec, the Canadian real estate group, is raising SwFr 100m through a 10-year public issue led by Royal Bank of Canada (Suisse). Final terms were fixed at a 5¾ per cent coupon and par issue price. Traders regarded the terms as acceptable

Secondary market prices were mixed in quiet trading unaffected by a higher dollar. However, that currency's gain helped the recent dual-currency issues.

● Swiss Bank Corporation International is arranging an international placing of 10,000 voting shares of Bank Leu. Around 20 to 25 per cent of the issue will be sold in London with SBCI and S.G. Warburg underwriting the shares. The placing will be at the market price of the shares, and will raise close to SwFr 40m.

International bond service, Page 19

First sterling CD option is launched

BY OUR EUROMARKETS STAFF

MERCANTILE House, through its money broking subsidiary M. W. Marshall (Sterling), has arranged what is thought to be the first option on a sterling certificate of deposit (CD).

The option, which has been sold to a large UK company at an unspecified premium, gives the holder the right to buy £10m worth of six-month CDs at a 10 per cent interest rate in six months' time.

The rate is similar to that which could be achieved through the forward/forward market but adds the flexibility of an option. If, when the exercise date arrives, the company decides it does not need the CD it loses only the premium it has paid, thought to be less than ½ percentage point of the £10m total.

The idea of offering an option on CDs came about because the company wanted physical delivery of an instrument so that an expected cash inflow could be invested. Delivery, if the option is exercised, will be of a CD issued by a UK clearing bank with a six-month maturity, give or take seven days.

Although this specific option is the result of an individual situation, Marshall believes that more such options will be written. Eventually these options could become tradeable.

Enel wins new terms for £200m facility

BY PETER MONTAGNON IN LONDON

ITALY'S electric utility Enel yesterday launched a £200m loan facility in the international capital markets to replace an earlier deal launched at higher cost in 1982.

The 10-year deal is led by S. G. Warburg and will allow Enel to raise cash through the sale of bankers' acceptances in sterling, bank advances in sterling, dollars and Ecus or through the sale of short term Euronotes.

Underwriting banks will receive an annual commitment fee of 7½ basis points a year for the first six years, rising to 10 points for the last four.

The acceptances, which will be sold through a tender panel, will bear a maximum commission of 1/16 per cent compared with 1/16 in the original five-year facility. That facility also bore no alternative options. The maximum yield on the sterling and dollar advances is ⅛ per cent and on the Ecu advances it will be 15 basis points.

Separately, Deutsche Bank confirmed that it and Credit Suisse First Boston are arranging a $75m, five-year Euronote facility for Klöckner Humboldt Deutz, the engineering group, only the second such facility to be arranged by a German company.

INTL. COMPANIES & FINANCE

Record results for Boral and APM

By Michael Thompson-Noel in Sydney

THE FLOW of strong industrial profits in Australia continued yesterday when Boral, the big building materials concern, reported a record earnings of A$117.6m (U.S.$82.3m), and APM, *Australia's largest paper* products group, one of A$83.8m (U.S.$58.7m), both for the year to June 30.

Boral's after-tax profit was 24 per cent higher than last year's figure, and was accompanied by a *one-for-five scrip* issue. Turnover was A$1.6bn, while earnings per share rose 8 cents to 42.3 cents.

The company is paying a final dividend of 7.5 cents, making a *total of 15 cents, with the new* shares participating in the final dividend.

Group profitability improved in all divisions, thanks partly to continued high levels of home and road building and general construction activity.

At APM net profit was up 19 per cent, while turnover was 50 per cent higher at A$1.8bn. This partly reflected the acquisition of a 56 per cent stake in Mayne *Nickless, the* transport and security group.

The dividend total has been lifted by 1 cent a share to *19 cents. Tax jumped sharply* from A$13.8m to A$48.3m, while interest charges rose from A$27.7m to A$35.3m.

● *FIRST NATIONAL*, the merchant banking arm of National Australia Bank, yesterday announced plans for an *A$100m (US$70m) public trust* to acquire a 10 per cent stake in the Portland aluminium smelter in Western Victoria.

Alcoa of Australia will fund 55 per cent of the project, and the state government of Victoria 35 per cent, though negotiations are continuing with potential equity partners.

The A$100m trust is already fully underwritten. Its A$1 units will initially be paid to 40 cents, with further calls of 30 cents each in January 1986 and January 1987.

Sime Darby suffers from tractor division losses

BY WONG SULONG IN KUALA LUMPUR

SIME DARBY, the diversified Malaysian group, has reported a lacklustre year, with pre-tax profits for the 12 months to June falling by 2 per cent to 210.7m ringgit (US$ 86m)

Net profits were 2 per cent higher at 86.5m ringgit. Turnover fell by 5 per cent to 2.35bn ringgit.

To comemorate its 75th anniversary, Sime is paying a special dividend of 2.5 cents, in addition to the final dividend of 6.8 cents, making a total of 13.3 cents for the year compared with 10.8 cents previously.

Profits were affected by big losses in the tractor division, which suffered from a standstill in the timber logging industry and high stocks, and also *from much reduced* earnings from Singapore, where the economy has nose-dived to zero or even negative growth.

On the brighter side, Sime's *Hong Kong operations* saw much improvement, with pre-tax profits rising to 34.4m ringgit from 21.4m ringgit, while commodity trading made a profitable turnround after many years of losses.

The plantations division contributed 136.5m ringgit to pre-tax profits *and although this* was nearly 15m ringgit less than previously, Sime said it had been "another excellent year" *for plantations*. The slightly lower earnings reflect softer palm oil prices.

The results of Sime's four major *publicly* listed subsidiaries—Consolidated Plantations, Tractors Malaysia, Dunlop Malaysian Industries, and Benta Plantations—and its associate, United Estates Projects were also announced yesterday.

Net profits of Consplant were little changed at 78.5 ringgit while Tractors Malaysia suffered a net loss of 37.2m ringgit compared with the previous loss of 9.2m ringgit.

DMI made a six-month net profit of 2m ringgit. The company's year-end has been changed from December to June in line with the parent's.

Benta's net profit was 3.7m ringgit, a drop of 23 per cent, but at UEP interim earnings were nearly 70 per cent higher at 15.8m ringgit, due to good response to its residential houses.

Consplant's final dividend is 18 cents, making 26 cents for the year (same). Tractors is not paying a final dividend (20 cents), DMI's interim dividend is 1 per cent (2.5 cents), Benta's final is 35 cents, making 45 cents for the year (58.3 cents), and UEP is maintaining its interim dividend at 7.5 cents.

Amgold interim earnings show advance of 37%

BY KENNETH MARSTON, MINING EDITOR

EARNINGS of Anglo American Gold Investment (Amgold), Anglo American Corporation's major South African gold share holding company, have advanced 37.4 per cent to R146.9m (£49m or $67m at yesterday's financial rate) *in the six months* to August 31. They compare with R106.9m in the same period of 1983-84 and a *full-year total of R236.1m*.

The net profit equals 669.3 cents per share and Amgold is lifting its interim dividend to 625 cents *from* 475 cents. The 1983-84 final was 550 cents.

The results reflect high dividends from gold mines which, in turn, have seen rand profits boosted on the conversion of dollar sales into the weak domestic currency.

During the latest period the average U.S. gold price fell 18.6 per cent to $310 per ounce from $381 a year ago, while the rand price rose 29.9 per cent to R622 per ounce from R479.

Because of the volatility in exchange rates and in the dollar price of gold, Amgold says only that it cannot be assumed that the company's first-half results will be repeated in the second half.

● THE South African Gencor mining finance group's Genbel Investments (formed from the merger of UC Investments and Sentrust) earned net profits of R59.18m, or 183 cents per share, in the year to June compared with R59.05m in 1983-84.

The figures include amounts written off investments of R7.12m and R2.6m in the respective years. Genbel is declaring an increased final dividend of 105 cents making a total of 170 cents against 150 cents. At June 30 the net asset value equalled 3,182 cents per share.

Pancontinental sees jump in profits

By Our Mining Editor

"SIGNFICANTLY higher" earnings are expected in the *year to* June 30 by Australia's Pancontinental Mining. For the year just ended the company made a first net profit of A$5.59m (£2.82m or $3.94m), equal to 4.39 cents per share, compared with a loss of A$4.48m

The profit reflects the benefit of the 3 per cent stake in the Central Queensland Coal Association and Gregory joint coal ventures which was acquired in April last year for U.S.$75m. Pancontinental exercised an option to acquire a further 2 per cent stake in the coal ventures for U.S.$50m in July of this year.

Apart from the increased earnings from the enlarged coal stake, the company can also expect a first flow of revenue from its A$30m Paddington gold mine at Kalgoorlie.

HK to appoint advisers on Hang Lung Bank sale

BY DAVID DODWELL IN HONG KONG

THE HONG KONG government is preparing to appoint external consultants to advise it on the sale of the Hang Lung Bank, which collapsed in September 1983 and was subsequently rescued by the government at a cost to the Hong Kong taxpayer of at least HK$18bn (US$128m).

Sir John Bremridge, the territory's financial secretary, told reporters that advisers would probably be appointed in the next two months, with the aim of selling the bank next year.

Sir John has insisted for more than a year that the government has no intention of operating any bank in the long term. He reiterated yesterday: "It is absurd for the government to be saddled with managing two banks, and what's more it's tying up able management."

The government has said it would float the Hang Lung Bank only when it has been nurtured back to full health. The bank's results for the year to March 1985 have yet to be published, but are expected within the next four weeks. In the previous year, losses amounted to HK$352m. This followed a HK$300m capital injection, and the transfer of HK$81.5m from reserves.

Writs amounting to more than HK$700m have been filed by the government against debtors to Hang Lung, including former bank executives.

INTL. COMPANIES & FINANCE

Intershop reduces U.S. retail exposure

BY JOHN WICKS IN ZURICH

INTERSHOP Holding, the international property-development company, has cut back on its new commitments in the U.S. retail field. The Zurich-based company has an international reputation in shopping centre development. Most of its registered shareholders are European banks and insurance groups. In the business year ended March 31 the parent company had assets worth SwFr 263.7m ($115.6m) and annual income of more than SwFr 18.5m.

Company president Dr Jacques E. Mueller, referring to the U.S. operations, said the company would no longer invest in sectors which it considered "largely saturated," and was now concentrating on properties for large-scale tenants.

Dr Mueller said new retail projects were needed only in certain selected locations. A number of U.S. shopping-centre participations had been or would be sold, he added.

In Europe Intershop has expanded its holdings in Swiss retail centres and is participating in the expansion of the Voesendorf Mall in Austria.

For the past financial year the board has proposed payment of an unchanged dividend of SwFr 20 per share after a 12.6 per cent rise in net profits. Dr Mueller reckons on a further increase in earnings for 1985–86.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for September 2.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 10⅞ 90	100	101⅝	102⅛	−0⅛	0	10.32
Amex Credit 12⅛ 88	150	106⅛	106⅝	−0⅛	−0⅛	10.12
Atlant Richfld 10¼ 00	250	94⅞	95⅜	−0⅜	−0⅜	10.92
Australia Com 11¼ 00	100	102⅞	103⅜	−0⅜	−0⅛	10.88
Australia Com 11 95	200	102⅝	103⅛	−0⅜	−0⅛	10.48
BP Capital 11⅛ 92	150	103	103½	+0⅛	+0½	10.38
Canada 11½ 90	500	105⅝	106⅛	−0⅛	+0¼	9.77
Canadian Pac 10¾ 93	100	100⅝	101⅛	0	0	10.54
Canadian Pac 12½ 99	75	107⅜	107⅞	−0⅛	+0¼	11.38
CBS Inc 11⅜ 92	100	103½	104	−0⅜	−0⅛	10.59
Chevron U.S.A. 12¼ 89	600	105	105½	+0⅛	0	10.59
Citicorp 11½ 95	150	100⅝	101⅛	−0⅛	−0⅜	11.29
Coca Cola 11¾ 91	100	107⅛	108⅜	+0⅛	−0⅛	9.95
Denmark Kingdom 11¼ 89	100	102⅝	103⅛	−0⅛	−0¼	10.23
Denmark Kingdom 11½ 90	100	104	104½	−0⅛	−0¼	10.28
Denmark Kingdom 11½ 92	100	103⅝	104⅛	−0⅜	−0½	10.82
Denmark Kingdom 13¼ 91	100	110⅝	111⅛	−0⅜	−0⅜	10.86
E.D.F. 10 95	225	95⅝	96¼	−0½	−0⅛	10.68
E.E.C. 11⅛ 90	100	103⅛	103⅝	−0¼	−0½	10.10
E.I.B. 12 95	200	107⅛	107⅝	−0⅜	−0¼	10.71
Export Dev Corp 10 90	100	100	100½	−0¼	+0⅛	9.91
Export Dev Corp 12 89	100	105	105½	−0¼	−0¼	10.06
Fed Dep Stores 10⅛ 95	100	97	97½	−0⅜	+0⅛	10.58
Ford Motor Cred 11⅜ 90	100	102⅛	102⅝	−0⅜	−0½	10.64
Ford Motor Cred 11⅝ 95	100	102½	103	−0⅜	+0¼	11.12
Ford Motor Cred 11¾ 92	100	103⅛	103⅝	−0½	0	10.85
Ford Motor Cred 12 95	100	105¼	105¾	−0¼	+0⅜	11.01
Gen Elec Credit 10¼ 00	200	100⅝	100⅞	−0⅜	−0½	10.15
GMAC 10¼ 89	200	100⅝	101⅛	−0⅜	−0⅛	9.88
IBM Credit 10⅛ 2000	300	101½	102	−1⅛	−0⅛	10.12
Kellogg Company 10⅞ 90	100	102⅞	103⅜	−0⅜	0	9.92
Kellogg Company 11¼ 92	100	104⅛	104⅝	−0⅜	+0¼	10.25
L.T.C.B. 12⅞ 91	100	109⅝	110⅛	−0¼	−0¼	10.57
Macy Cred Corp 11¾ 95	100	104⅛	104⅝	−1	−0⅛	10.93
Mellon Bank 13 87	400	105½	106	−0½	−0⅛	9.76
Merrill Lynch 12¼ 89	100	105⅝	106⅛	−0⅛	−0¼	10.50
Minnesota 11½ 87	100	103½	104⅛	0	−0⅛	9.37
Mitsui Trust 11⅜ 90	100	102⅞	103⅜	−0¼	+0⅜	10.74
Morgan Guaranty 12⅝ 89	150	106½	107	−0⅜	−0⅜	10.28
Penney J.C. 12¾ 91	100	109	109½	+0⅛	+0¼	10.59
Pru Realty secs 12⅛ 95	546	105⅞	106⅜	−2⅛	−0⅜	11.02
Qantas Airways 10⅛ 95	140	98⅛	98⅝	−0⅜	+0¼	10.47
Quebec Hydro 11½ 92	100	103⅞	104⅜	−0⅛	+0⅜	10.66
Queensland Govt 10¼ 95	100	97⅜	97⅞	−0½	+0¼	10.64
Ralston Purina 11¾ 95	150	104⅝	105⅛	−0½	−0⅛	10.89
Ralston Purina 12⅜ 89	100	107⅞	108⅛	−0¼	−0¼	10.28
Saskatchewan 10¾ 92	100	101¾	102¼	−0⅜	−0⅛	10.28
Saskatchewan 11⅛ 89	100	105½	106	−0⅜	−0⅜	10.10
Statoil 10 98		99⅛	99⅝	—	—	10.16
S Wales Trsy 11¾ 90	150	105¼	105¾	−0¼	−0⅛	10.18
Swed Exp Cred 10 92	100	97⅜	97⅞	−0¼	−0¼	10.49
Swed Exp Cred 12¼ 89XW	100	107⅜	108⅛	−0¼	0	10.28
Sweden Kingdom 10⅞ 90	200	102⅛	102⅝	−0⅜	0	10.18
Sweden Kingdom 11½ 89	200	104⅝	105⅛	−0¼	+0⅛	10.01
Sweden Kingdom 11¾ 94	100	105½	106	−0⅜	+0⅛	10.72
Tenneco Corp 10¾ 95	150	100⅝	101⅛	+0¼	+0½	10.55
Texaco Capital 11⅛ 95	250	101¼	101¾	−0½	−0⅛	10.85
Tokai Asia 11½ 95	100	102⅝	103⅛	−0¼	+0⅛	10.96
Victorian Rep 11⅜ 92	150	104½	105	−0¼	−0¼	10.57
World Bank 10⅛ 95	300	97⅞	98⅛	−0⅜	−2½	10.45
World Bank 12⅛ 94	200	111⅜	111⅞	−0⅜	−0⅜	10.70

Average price changes on day −0⅜ on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	107⅛	108	0	+0⅛	6.84
Austria Republic 7⅜ 94	200	105⅝	106⅛	+0⅛	+0¼	6.57
Baxter Travenol 7¼ 94	200	103⅜	103⅞	0	+0⅜	6.69
Copenhagen 7⅜ 95	150	101⅞	102½	−0⅛	+0⅜	7.05
Credit National 8⅛ 94	200	108	108⅝	−0⅛	+0⅛	6.78
E.I.B. 7¼ 94	300	103⅞	104⅜	0	+0⅜	6.62
Escom 8 92	150	104⅝	105⅛	−0⅜	−1⅛	6.92
Ex-Im Bk Korea 7⅜ 90	100	99	99⅝	−0⅜	−0¼	7.77
Ferrovie Dello Stato 8 91	100	107	107⅝	0	−0½	6.37
Finland Republic 7 92	200	101⅞	102⅜	−0⅛	+0⅜	6.60
Gould Int Fin 7⅜ 91	100	106⅝	107⅛	0	+0⅜	6.17
Ireland 8⅛ 92	150	105½	106	−0⅜	+0⅛	6.87
Japan Fin Corp 7⅜ 91	100	105⅝	106⅛	0	−0⅛	6.33
Mitsubishi Hvy 3½ 89WW	300	155	155⅝	+3½	+11⅜	−8.82
Mitsubishi Hvy 3½ 89XW	300	93½	93⅞	+0½	−0⅛	5.54
Mitsubishi Met 3⅜ 89WW	100	107⅛	107⅝	−0⅛	−0½	1.32
Mitsubishi Met 3⅜ 89XW	100	90⅝	91⅛	0	0	6.48
Quebec Hydro 7⅛ 95	200	104⅛	104⅝	−0⅛	+1	6.49
Renfe 7¾ 95	100	104⅝	105⅛	0	+0⅛	7.05
Renown 3⅛ 90	80	106⅝	107⅛	−0⅜	−0⅜	1.63
Soc Cent Nucleair 7¼ 95	150	101⅞	102½	0	+0⅜	6.94
Societe Cent Nucleair 8 91	100	107⅝	108⅛	0	+0⅜	6.31
Sth African Tran 7⅜ 92	100	90⅝	91⅛	−1½	−3½	9.34
World Bank 7 95	600	102⅛	102⅝	−0⅛	−1⅛	6.65
World Bank 7¾ 89	100	103⅝	104	−0⅛	−0⅛	6.52

Average price change on day +0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev Bk 6¼ 94	100	101½	102	−0⅜	+0⅛	5.98
Avon Cap Corp 5⅜ 94	130	99½	100	+0⅛	+0⅜	5.41
Brit land Comp 6½ 99	75	103½	104	−0⅜	−0⅛	6.09
Council of Europe 6 92	120	103½	104	−0⅛	−0⅜	5.36
Creditanstalt 5½ 94	100	98½	99	−0⅜	−0⅛	5.67
Deutsche Bk Fin 5⅜ 95	100	101⅛	101½	0	+0⅜	5.18
E.I.B. 6⅛ 94	120	102⅛	102½	+0⅛	+0½	5.63
Export Dev Corp 5⅝ 92	125	101⅞	102½	+0⅜	+1	5.01
Gen Occidentale 4½ 94	80	102½	103	+0⅛	−0⅜	4.13
I C Industries 5⅝ 94	125	102½	103	+1⅛	+1⅛	5.24
Ind Fund Fin 5¾ 94	40	102	102½	−0⅜	+0⅜	5.43
Int-Am Dev Bk 6⅛ 94	120	103½	104	+0⅜	+1⅛	5.59
N.Zealand steel 5¾ 96	70	99⅛	99⅝	+0⅛	+0⅜	5.81
Oberos Kitwk 5⅜ 95	100	99	99½	+0¼	+0⅜	5.47
Ralston Purina 5⅝ 94	125	100⅛	100⅝	−0⅜	−0⅜	5.39
Santos Finance Ltd 6 94	130	100	100½	+0⅜	+1⅛	5.86
Tokyo Elec Pwr 5½ 93	120	100¼	100⅝	+0⅜	+0⅜	5.41
Tokyo Metropolis 5¼ 94	80	99	99½	+0⅛	+0⅛	5.36
World Bk 5¾ 94	150	101¼	101¾	−0⅛	+0⅜	5.53

Average price change on day +0⅛ on week +0⅜

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Finland Republic 6¾ 99	15	100½	101	−0¼	−0⅛	6.65
Gdyr Tr & Rubber 7⅛ 95	25	100	100½	0	+0⅜	7.08
Mort Bk Denmark 7 92	10	100¼	100¾	−0¼	−0¼	6.90
New Brunswick 7⅛ 95	10	102	102½	−0⅛	+0⅛	6.80
Swed Exp Cred Zero 90	14	72¼	72¾	+0⅛	0	6.55

Average price change on day −0⅛ on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Chrysler Fin 13⅞ 92		101¼	102¼	—	—	13.22
Bural & Inds. 13⅛ 88		97⅜	98⅜	—	—	14.16
SBSA Finance 13 88 A		97	98	—	—	14.08
State IK NSU 12⅞ 90 A		96⅞	97⅞	—	—	13.58
Amex 10¾ 90 CS	50	101	101½	−0⅛	0	10.38
Genstar Fin 11¾ 95 CS	75	99⅝	99⅞	−0⅛	+0⅛	11.93
Hazel-Ward'th 10¾ 95CS	25	96	96½	0	−0⅛	11.39
Loblaw Cos 11⅝ 92 CS	50	100½	100⅞	−0⅜	−0½	11.52
New Brunswick 11⅝ 95CS	75	102⅝	102⅞	−0⅛	−0⅛	11.15
Shell Canada 11¼ 92 CS	75	101½	102	+0½	0	10.86
Winnipeg Cty 10⅞ 90CS	50	99⅛	99⅝	0	−1⅛	10.78
Christ Bk 10¼ 88 NS	50	93	94½	−0½	0	10.18
DG Bank 10½ 90 NS	75	103	104	−0⅜	−0¼	15.42
Westpac Bk 10⅛ 88 NS	50	99	100	+0¼	+1	10.34
Creditanstalt 8⅞ 94ECU	68	99½	100½	+0⅜	+0¼	8.86
Motorola 8⅝ 92 ECU	50	99¼	100¼	+0⅜	+0½	8.84
Walt Disney 9⅛ 95 ECU	80	102	103	0	−0¼	8.71
Europima 7½ 92 FL	50	105	105½	+0⅛	0	6.49
Philips Lamps 7½ 99 FL	100	104⅞	105¼	−0⅜	0	6.22
Rank Xerox 8 90 FL	100	105	105½	+0¼	+0⅛	6.84
Van Lanschot 7½ 90FL	50	102⅞	103⅛	0	+0⅛	6.74
World Bank 7½ 90 FL	150	104⅞	105¼	0	0	6.23
IBM France 11⅛ 90 FF	700	98¼	99⅜	−0½	−0⅜	11.24
Australia Comm 11 92 £	40	100¼	100⅝	0	+0¼	10.86
BP Capital 10¾ 92 £	50	99⅜	99⅞	−0⅛	+0¼	10.82
E.I.B. 11⅛ 93 £	50	100⅝	101⅛	+0⅛	+0¼	10.92
GMAC UK Fin 10½ 90 £	30	99⅜	99⅞	0	+0¼	10.75
Imp Chem Inds 11⅛ 95 £	75	100⅝	101⅛	0	+0⅜	11.08
Imp chem inds 10¾ 92 £	75	97⅜	98⅜	−0½	+0⅛	11.15
Mcdonalds 10⅞ 90 £	40	100⅛	100⅝	−0⅜	+0¼	10.78
Mitsubishi Fin HK 11 90		101	101½	—	—	10.62
Privatbanken 11⅞ 92 £	20	100⅛	100⅝	+0⅛	+0¼	11.73
Rank Xerox 11 92 £	40	99⅜	99⅞	−0⅛	+0⅛	11.05
Royal Ind 10¾ 92 £	60	97⅛	97⅝	0	+0¼	11.31
Ster Drug Cap 10⅞ 90 £	30	99⅝	100⅛	0	+0¼	10.87
Tricentrol XW 11 92 £	35	94⅞	95⅜	+0¼	+0¼	12.87
Trusthouse Forte 11⅛ 90£	50	99⅞	100	−0⅛	+0¼	11.16
World Bank 11¼ 95 £	100	102½	103	+0⅛	−0½	10.76
E.C.S.C. 10½ 94LF	100	102	103	−0⅜	−1	10.06
Nat Lux Alum 10½ 92 LF	600	103½	104½	−0⅜	−1	9.68

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Banco di Roma 5¼ 92	0	99⅜	99⅞	27/8	9.60	9.62
BankAmerica O/S 5¼ 96	0⅛	99⅞	100⅛	3/9	8⅛	8.11
Bankers Trust 5 2000	0	99⅜	99⅞	11/9	7.69	7.71
Bankers Trust 5¼ 96	0⅛	100⅜	100⅝	13/11	8.31	8.27
B.F.C.E. 5¼ 99	0⅛	100¼	100¾	13/9	10.06	10.01
B.N.P. 5¼ 96 (July)	0¼	100	100½	22/1	8¼	8.23
C.C.F. 5¼ 97	0	99⅝	100⅛	22/9	10⅝	10.64
Chase Man'tn 5 2000	0	99⅝	100⅛	12/11	8⅛	8.14
Chase Man'tn 5¼ 2009	0⅛	99⅞	100⅜	5/9	7.81	7.80
Citicorp O/S 5½ 96 Sep	0⅛	99⅝	100⅛	10/12	11.10	11.20
Credit Lyonnais 5¼ 96	0⅛	100⅝	101⅛	11/10	9.60	9.59
Ireland 5¼ 97	0	100⅛	100⅝	26/10	9.60	9.55
Ireland 5¼ 99	0	100⅛	100⅝	14/9	10	9.99
Italy, Republic 5 94	0⅛	100	100½	12/11	8⅝	8.65
Lloyds Bank 5¼ Perp	0¼	99⅞	100⅜	8/12	8	7.99
Midland Bank Perp 5	0¼	99½	100	18/12	8⅛	8.15
Nat West Perp 5	0⅜	100⅞	101⅛	13/11	8⅛	8.03
Nat West Perp A 5¼ S	0¼	99⅝	100⅛	8/1	8¼	8.28
Nat West Perp B 5¼ S	0¼	99⅝	100¼	10/2	8.91	8.91
New Zealand 5 87		99⅝	100⅛	14/11	11.56	11.56
Queensland Coal 5¼ 96	0¼	100⅛	100⅝	12/11	9	8.94
Roy Bk Canada 5 2005	0⅛	99½	100	5/9	8⅛	8.15
Roy Bk Scot 5¼ 2005 £	0	99½	99⅞	1/11	11.69	11.78
Sweden Perp 5⅛	0¼	100	100½	8/1	8.31	8.38
Tokai 5¼ 99	0⅛	100⅛	100⅝	12/12	8⅛	8.08

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1063	121¾	122¾	−0⅜	5.14
Fanuc 3¾ 98	1/84	7032	142⅞	144⅝	+0½	38.18
Fujitsu 3 99	5/84	1320	79⅜	80⅜	−0½	26.12
Kumagai Gumi 3½ 2000	3/85	600	150⅞	152⅜	−0⅜	8.28
Marui 3½ 99	7/84	1162	124⅛	125⅛	+0⅜	3.98
Mitsubishi Elec 2¾ 00	3/85	422	88⅞	90⅛	−0⅛	4.25
Murata 3½ 99	2/84	2351	85⅛	86⅛	+0⅜	36.95
Murata 3½ 2000	7/84	2398	85	86	+0⅜	40.49
Nippon Elec 2⅞ 2000	1/85	1285	79⅜	80⅛	0	10.82
Nippon Oil Co 3 2000	5/85	923	100⅜	101⅜	−0½	4.87
Oki Elec Ind 3½ 99	10/84	[illegible]	[illegible]	[illegible]	[illegible]	34.29
Orient Leasing [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.36
Sekisui House [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.48
Sumitomo [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	19.09
Sumitomo [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−0.33
Taiyo Yuden [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−0.76
Takeda [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	40.95
Tokyo Sanyo [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.91
Toshiba [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.76
Nippon Oil Co [illegible] SF	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	25.83
Nippon Shinpan [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.60
Asics 5 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.23
Sun Realty [illegible] DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−4.82

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = current coupon. C.yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

El Corte Ingles lifts earnings

By David White in Madrid

EL CORTE INGLES, the leading Spanish department store group, has announced a 32 per cent increase in its net profits for 1984, its second consecutive year of rapid earnings growth in the face of generally slack household consumption.

Sr Ramon Areces told the annual meeting profits had risen to Pta 6.17bn ($38m) from Pta 4.68bn, after a 28 per cent increase the previous year.

Sales climbed to Pta 251bn from Pta 214bn, an increase of 17.5 per cent or almost twice the rate of inflation. This followed a 21 per cent growth in sales in 1983.

The group, which has always prided itself in financing expansion entirely out of its own reserves, made fixed investments of Pta 6.47bn last year, principally on a new commercial centre in Seville. It is currently planning a new department store in the north-western city of La Coruna.

Sr Areces described as "positive" a government measure earlier this year ending restrictions on shops' opening hours. Responding to trade union fears that the measure will affect jobs in the sector by driving small shops out of business, Sr Areces said the extra flexibility it created would help employment.

Consortium takes over at watch group

By Our Zurich Correspondent

CONTROL of SMH, Switzerland's biggest watch-industry group, has passed to a group of Swiss investors headed by Mr Nicolas Hayek.

The consortium took up on September 1 an option it held with a pool of banks behind the former Asuag-SSIH concern, and took over a 51 per cent stake in the renamed company. In 1983, these banks financed a rescue scheme for the Asuag and SSIH watch groups and supported their merger.

The banks always intended to give up control of the SwFr 300m ($131.6m) capital as soon as the company had been successfully reorganised. Last year, the group showed consolidated cashflow of SwFr 88m and said it expected a further improvement for 1985.

MINING BRIEFS

SHAREHOLDERS in Hill Minerals of Australia have approved the purchase of the Lights of Israel gold prospect in Western Australia from the associated Carr Boyd Minerals for A$960,000, ($676,000) which will be funded by the issue of 1.6m Hill Minerals shares.

The issue will raise Carr Boyd's holding in Hill Minerals to 32 per cent. The latter holds 24 per cent of Carr Boyd. The deal opens the way for a mining operation involving Lights of Israel and Hill Minerals' Makai prospect, which have a combined resource of some 400,000 tonnes of ore grading 4 grammes gold per tonne.

*

AUSTRALIA'S Ferrovanadium Corporation has changed its name to Great Australian Resources. The change is to reflect the company's country of origin and general mineral exploration activities rather than its major asset when it is incorporated.

*

LAC Minerals, best known for its Canadian gold mining interests, is to manage a joint venture with Superior Oil to explore diamond-bearing areas in Larimer County, Colorado.

Diamonds have been already recovered from exploration of kimberlite pipes and dykes.

From a bulk sample of 2950 tonnes of material processed in Superior's pilot plant, a sampling of 500 carats of diamond has been offered for sale to determine the value.

*

FREEPORT Minerals is farming-in on the Karangahake gold prospect of New Zealand Goldfields, and may earn a 50.1 per cent interest by spending NZ$6m ($3.3m) on exploration and development.

The Karangahake area has an established mining industry and produced around 4m ounces of gold in the last century.

DAIWA EUROPE LIMITED
JAPANESE EQUITY WARRANTS SERVICE

Daiwa Warrant Index: 1620.55 (1000 = 2nd Jan 1985)
Total warrant market value: $856,550,000

ISSUER—Warrant expiry date	Wrnt BID (%) Current	Wrnt OFFER (%) Market	Share Price (Yen) Prices	Premium (%) Offer	Gearing	Premium/Gearing Ratio Calculations
AICA KOGYO 17/8/90	23.00	24.50	775	19.10	4.28	4.46
CASIO COMPUTERS 6/3/89	33.50	35.00	1,500	12.83	3.37	3.80
C. ITOH 4/5/89	33.00	34.50	449	3.14	3.65	0.86
C. ITOH 20/1/87	50.00	55.00	449	19.81	2.28	8.69
DOWA MINING 20/7/90	11.50	13.00	665	30.07	6.72	4.48
FUJIKURA CABLE 28/4/89	8.00	9.50	330	29.04	8.50	3.42
HAZMARA GUMI 1/11/89	11.00	12.50	381	38.22	6.73	5.68
J.S.R. 28/4/89	10.00	11.50	374	33.11	6.95	4.76
JUSCO 22/12/88	79.00	83.00	886	20.23	1.84	10.97
KAYABA INDS 15/2/89	17.00	18.50	338	7.13	5.92	1.21
KUMORI PRINTING 20/12/89	16.50	18.00	2,050	17.15	5.78	2.97
MARUZEN 12/2/90	9.50	11.00	475	35.54	8.08	4.40
MINEBEA 20/2/89	48.00	52.00	780	47.13	1.97	23.95
MIT. CHEMICAL 20/1/87	95.00	100.00	520	26.27	1.54	17.06
MIT. CORPORATION 7/11/88	33.00	34.50	665	1.44	3.81	0.38
MIT. GAS & CHEM 20/3/89	31.00	32.50	431	1.70	3.84	0.44
MITSUI E/S 15/10/88	12.00	13.50	168	13.76	7.27	1.89
MITSUI E/S 10/12/87	26.00	28.00	168	9.19	4.37	2.10
MIT. METAL 10/2/89	78.00	82.00	666	28.50	1.71	16.65
MIT. METAL 10/11/89	13.50	15.00	666	20.65	6.43	3.21
MITSUI PETRO. 15/2/90	27.50	29.00	414	16.03	4.12	3.89
NIPPON MINING 17/3/89	101.00	105.00	414	46.80	1.29	36.14
NIPPON MINING 15/6/90	15.00	16.50	414	33.28	5.54	6.01
NISSHO IWAI 1/2/89	13.50	15.00	282	14.40	6.62	2.18
NOMURA SECS 31/10/88	74.50	76.00	1,230	3.04	2.22	1.37
OBBAYASHI GUMI 5/4/89	75.00	80.00	440	2.44	2.13	1.14
OMRON TATEISHI 31/3/89	8.50	10.00	1,250	101.45	5.17	19.63
ONODA CEMENT 28/2/90	18.50	20.00	341	22.42	5.28	4.24
OPTEC DAI-ICHI 23/2/90	16.50	18.00	630	21.85	5.81	3.76
OSAKA TRANSF. 29/1/90	13.00	14.50	471	23.70	6.77	3.50
RENOWN 24/1/89	15.00	16.50	755	20.64	5.77	3.58
RYOBI LTD. 25/5/90	10.50	12.00	390	18.86	8.21	2.30
SEINO TRANS. 17/3/89	13.50	15.00	1,230	7.58	6.71	1.13
SEIYU STORES 20/3/87	57.00	60.00	733	38.58	1.90	20.35
SONY CORP. 26/4/90	16.00	17.50	3,550	46.44	4.87	9.55
SUMI. CONST. 24/3/89	72.00	75.00	330	5.20	2.16	2.41
SUMI. HEAVY 24/2/89	29.50	31.00	278	4.55	3.99	1.14
SUMI. REALTY 21/11/89	73.00	74.50	846	6.00	2.25	2.66
TOKYO ELECTRIC 14/3/89	8.50	10.00	820	67.59	6.45	10.47
TOKYO SANYO 8/6/87	150.00	155.00	634	73.80	0.98	77.28
TOKYU CORP. 29/1/90	71.50	73.00	528	3.56	2.38	1.49
TOKYU DEPT STRS 20/7/90	24.00	25.50	580	11.90	4.57	2.60
TORAY INDS 5/3/87	28.00	29.50	545	7.12	4.04	1.76
TOYO ENG. 28/2/89	54.00	58.00	719	48.95	1.81	27.05
YAMAMURA GLASS 8/5/90	13.50	15.00	470	24.38	6.41	3.80
YAMATO KOGYO 29/1/90	17.00	18.50	594	22.18	5.57	3.98

Reuters Monitor DABF/G/H/I/J - Further information from: Freddy Glock; Beverly Kelly or Edward Cartwright on 01-248 8080
Daiwa Europe Limited, 14 St Paul's Churchyard, London EC4M 8BD

Expansion-minded IMI surges to £23m

WITH PRE-TAX profits showing a rise of some 29 per cent for the first half of 1985 the directors of IMI, headed by Sir Robert Clark, are looking for a substantial improvement for the full year.

However, they say it seems likely that the percentage rise will be less than that achieved during the first six months. As is customary, the second half is expected to generate higher profits than the first.

Group turnover for the opening half advanced from £365.9m to £404.3m—the group, based in Birmingham, has interests in fabricated products and components and refined and wrought copper and other metals.

Pre-tax profits came through £5.1m higher at £22.6m and the interim dividend is being lifted from 2p to 2.2p net per 25p share.

The pre-tax figures were struck after deducting depreciation of £9.6m (£9m) and interest charges of £7.8m (£6.5m). Income from investments and interest received amounted to £3.4m (£2.8m).

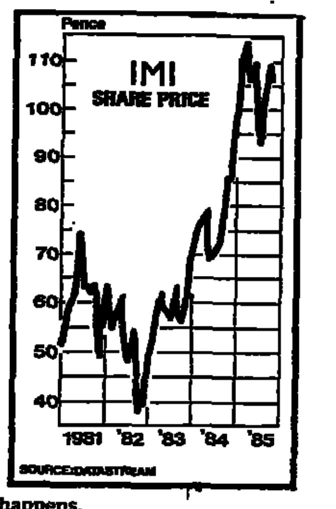
Tax accounted for £7.8m (£7.2m) to leave net profits at £14.8m, compared with £10.3m.

Minorities took £0.3m (£0.4m) and earnings per share emerged at 5.4p, against a previous 3.7p.

A divisional breakdown of pre-tax profits shows: building products £1.5m (£1.8m), heat exchange £2.5m (£2m), drinks dispense £7 (£7.1m), fluid power £5m (£4.2m), special purpose valves £1.6m (£1.3m), general engineering and other activities £2.5m (£2.2m), and refined and wrought metals £4m (£0.8m). Corporate finance and administration costs accounted for £1.5m (£1.9m).

On drinks dispense company secretary Mr J. Metcalf said yesterday: "There was a 60 to 70 per cent increase in sales of concentrate tanks for machines which more than offset an increase in volume of 6 per cent in other drinks dispense products.

"The situation will not correct itself in the second half, so drinks dispense may be somewhat down in the full year. We have got to see this year out and see what happens.



"People are still drinking more soft drinks in the U.S.," he added.

Mr Metcalf pointed out that building products will continue flat, reflecting problems in the building industry generally—the imposition of VAT, high interest rates and cuts in local authority spending.

He said titanium would be strong for the rest of this year and next but that plastics were still losing money. "They're in the middle of a price war," he said.

Exchange rates had a slightly advantageous effect in the first half, but Mr Metcalf said that will be slightly more than wiped out in the second half on today's rates.

On gearing he was expecting "no significant change at the year-end compared with last year assuming no acquisitions or disposals."

Mr Metcalf summed up: "We're a changing company. We used to have no overseas interests and now 30 per cent of our assets are abroad. But that's still not high enough.

"We want to have our eggs spread around different economic baskets. We'd like to be more in the U.S. and Europe and more into products with higher added value like drinks dispense.

For the 1984 year group turnover rose by 9 per cent to £737.9m (£676.34m) and profits before tax by 43 per cent to £45.1m. A contributing factor to the profits improvement was a lower above the line charge for rationalisation and redundancy — £3.4m, against a previous £5.1m.

At the annual meeting in May Sir Robert reported a heartening overall improvement during the first quarter of 1985 although not all of the group's subsidiaries had been able to achieve better figures.

He revealed that the U.S. companies in fluid power and drinks dispense (last year's biggest single source of profits) had experienced some decline in activity level.

Sir Robert hoped total profits for 1985 would continue the upward trend but told shareholders that it would be too much to expect the rate of improvement recorded in 1983 and 1984 to be maintained.

See Lex

ACC builds up stake in battered Thorn EMI

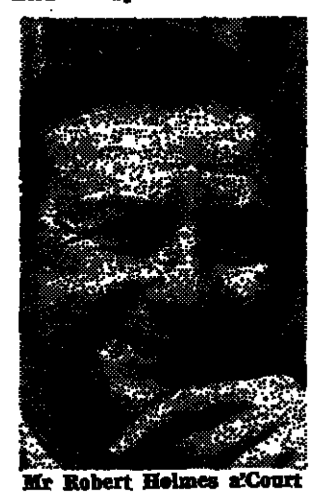
By Charles Batchelor

ASSOCIATED Communications Corporation (ACC), the British entertainments group headed by Mr Robert Holmes a'Court, the Australian businessman, holds a stake of between 3 and 4 per cent in Thorn EMI, the battered UK electronics group.

ACC is understood to have built up this holding by market purchases over recent weeks. The late buoyancy of the share price, on rumours that a bid for Thorn EMI was imminent, has put a stop to further buying by ACC — for the time being at least.

Thorn's share price fell 7p to 412p yesterday to value the ACC holding at between £26.4m and £35.2m and Thorn's entire equity at £881m.

Thorn said yesterday it was definitely aware only of a 2 per cent holding in its shares held by Ambassador



Mr Robert Holmes a'Court

Nominees, a subsidiary of ACC.

"We are watching this with interest," Thorn said. "We are aware they have at least 2 per cent but we have no way of knowing what their current holding is. It was in early August that we first became aware of their holding."

Thorn added that it knew nothing of any holding in its shares by RCA, the U.S. entertainments and communications group, which was also reported to be buying its shares. RCA could not be contacted for comment.

ACC's intentions were not clear yesterday but the company has a stated policy of only "buying shares in companies we would like to own." It claims not to be a share trader.

However, in June 1984, it sold the 10 per cent stake it owned in Fleet Holdings, publisher of the Daily and Sunday Express, which it had built up over the previous year. The Fleet shares went to Mr Robert Maxwell's Pergamon Press publishing group.

Pergamon sold these shares and another 5.76 per cent holding it owned to United Newspapers in January 1985. United launched a £286m bid for Fleet last week.

Mr a'Court gained control of ACC, a company built up by Lord Grade, in April 1982. He was forced to raise the value of his bid from £36m to £60m by counter-bids and litigation initiated by Mr Gerald Ronson's Heron Corporation.

Thorn EMI has appeared vulnerable to an offer since it launched an abortive £650m takeover bid for British Aerospace just over a year ago. It followed this up with the purchase of Inmos, the semi-conductor maker, just before world semi-conductor markets slumped.

Growing doubts in the City about Thorn EMI's strategy and a fall in profits in the year ended March 1985 led to the resignation of Mr Peter Laister, chairman and chief executive, in July.

Three other main board directors are also to leave, it was announced last week.

Rio Tinto-Zinc pays £36m cash for Tarmac oil offshoot

BY DOMINIC LAWSON

Tarmac has sold its oil and gas exploration subsidiary, Plascom, to Rio Tinto Zinc, the minerals company, for £35.8m cash.

In April Tarmac announced its intention to float Plascom on the Stock Exchange, but the plan was delayed by the weak conditions in the oil market. At the same time a number of companies, including RTZ, approached it with offers for the company.

But the oil industry was surprised yesterday by the price that RTZ paid. Plascom has stakes in the Audrey, Hewett and Forties fields in the North Sea, with proven reserves valued by James Capel, the stockbrokers, at only £11m. That suggests that RTZ puts a very high value on the exploration acreage in the North Sea, the U.S., Holland, France, Germany and Spain.

One oil company executive said yesterday: "We might have paid about £20m. It is difficult to see how RTZ can justify its figure."

However, Mr Peter Woodman, chief executive of Tarmac's oil and industrial division, said yesterday that it might have got even more if it had sold off the assets in smaller packages, but it preferred to make a clean sale.

RTZ said that Plascom would fit very well with RTZ Oil and Gas, which last year made net profits of £13.2m.

RTZ is set on a rapid expansion of its oil and gas business. Last year it acquired a 29.9 per cent stake in Enterprise Oil, and intends to take a controlling stake after the Government's golden share in the company expires at the end of 1988.

Mr David Hooker, who has been running Plascom, has decided not to stay with the company but to pursue other business interests. RTZ said that it hoped to take on the other employees of Plascom.

Tarmac had a 92 per cent stake in Plascom, with the quoted energy investment company TR Energy having another 4.2 per cent. Yesterday TR Energy's share price leaped 5p to 29p. RTZ gained 5p to 593p, while Tarmac added 4p to close at 356p.

Sir Alistair Frame, chairman of Rio Tinto-Zinc

Tarmac said that it sold Plascom because it was highly capital-intensive and did not relate to any of its mainstream activities.

Mr Woodman added that the company had a dimmer view of the oil market than a few months ago, and was therefore happy to quit the oil exploration business altogether. It would retain its interests in two UK oil refineries which produce bitumen out of heavy crude oil, since this was integral to Tarmac's main business.

The sale is the largest in a recent series of disposals by non-oil companies of North Sea oil and gas interests.

Non-oil companies which have quit the North Sea in the past year include Sears, Distillers, Unigate, BTR and Societe Generale de Belgique.

RTZ, however, is moving against this trend. Yesterday the company said that it was constantly looking for opportunities to expand its oil and gas business, adding that there would be other deals in the future.

● The Department of Energy has approved the acquisition by Burmah Oil of interests in 12 UK onshore oil and gas licences from Taylor Woodrow and James Finlay.

Fitch Lovell expanding into fish business

BY MARTIN DICKSON

Fitch Lovell, the food manufacturer and wholesaler, is expanding into the fish business with the acquisition of Grimsby-based Bluecrest Foods. It will be paying a minimum of £4m and maximum of £12m, dependent on Bluecrest's profits performance this year.

Bluecrest, a privately-owned company founded eight years ago, deals mainly in frozen food and specialises in fish and value added fish products. It supplies the retail and catering markets and is a substantial producer for the customer label retail sector, supplying multiples such as J. Sainsbury, Waitrose and the Co-operative Society.

Bluecrest's pre-tax profits in 1984 were £538,000 on sales over £20m, and net assets at the year end totalled £1.04m.

Fitch Lovell, a major meat processor, has virtually no interests at present in the fish industry, so the acquisition represents an expansion into a new field at a time when dietary fashion is switching from red meat to white meat and fish.

Mr Geoffrey Hankins, chairman of Fitch Lovell, said: "We see a growing market for fish in response to the demand for 'healthy eating.' We also believe there is a big growth opportunity to meet the requirements of the major multiples for innovation and modern distribution services."

Fitch has been acquiring companies at a rapid rate over the past year or so, since selling its Key Markets chain of stores to Linfood—now Dee Corporation—for £45m as part of its defence against a hostile bid from Linfood.

It bought Jacksons of Piccadilly, the up-market tea business, for £1.7m in July and last April agreed to pay £13m for Trent Meat Company.

Mr Hankins said yesterday that Trent was "living up to expectations." By putting it together with two of the group's existing meat businesses—Robirch and Truran and Tarr Holdings—he anticipated annual savings of "well into seven figures and improved marketing and distributive opportunities for all three companies."

Fitch Lovell has paid an initial £3m for Bluecrest, with £250,000 of that satisfied by the issue of new shares. There will also be a deferred payment of 5.75 times the amount by which Bluecrest's profit exceeds £425,000 in 1985. This payment will be not less than £1m and not more than £9m.

Fitch is believed to have other, smaller acquisitions near completion.

LMI sells part of Allied stake

By Martin Dickson

London and Midland Industrials, which earlier this year mounted an unsuccessful takeover bid for Allied Textile Companies, disclosed yesterday that it had sold much or all of its 11 per cent stake in Allied.

However, LMI declined to say precisely how much of its stake had been sold and whether the shares had gone to one or more buyers. It merely said that it had "ceased to have a notifiable interest" in Allied, which means that its holding must now be lower than 5 per cent, the level at which a stake must be declared.

Since the failure of LMI's takeover attempt, there have been vague market rumours that Allied could attract another bidder. Allied shares closed last night unchanged at 425p, with LMI also unchanged at 199.

Mr Bill Beddow, LMI's chairman, said his company had sold the shares for more than it paid for them, but he also pointed out that LMI had incurred various costs in its bid attempt.

Brook Street margins trimmed by growth costs

MARKETING and branch expansion costs have held back the profit growth of Brook Street Bureau, the clerical and administrative staff agency in the first half of 1985.

Trading in all parts of the group continues at buoyant levels, the directors report, and they say that prospects for the year remain encouraging. They are raising the interim dividend from 1p to 1.5p net.

In the half year group turnover expanded by 36.8 per cent, from £9.52m to £13.02m. The UK accounts for some 95 per cent of this and in the period lifted its share by more than 40 per cent. Overseas, particularly in Australia, results were also satisfactory.

At the pre-tax stage, profits showed a rise of some 17.7 per cent, from £439,000 to £517,000. Far greater profits are produced in the second half (nearly £1m last time), the directors state, because, in part, revenue from temporary placings is at its highest in the third quarter, whereas the marketing and promotion costs to attract applicants are chiefly incurred in the spring.

As well as opening ten new outlets and trading divisions in the new technology towns of the south east, the group has invested heavily in refurbishing the branch network and in extending the word processing and computer training centre. These developments affect profits in the short term.

However, the new units are becoming established somewhat more rapidly than expected, and should be contributing to profits in less than a year.

The tax charge for the half year comes through at £204,000 (£141,000) to leave the net profit at £313,000 (£298,000) for earnings of 3.03p (2.88p) per share.

● comment

The Brook Street takeover saga is as dull as it is long. It began in February this year when the company said it had received a number of approaches, since which time absolutely nothing appears to have happened except that the share price has shot up: The problem appears to be that Mr Eric Hurst, one joint-chairman, wants too much money and Mrs Margery Hurst, the other one, wants to continue to have a say in the business after it has been sold. Neither appears to be in a hurry to change their minds. Meanwhile, the trading performance is equally unexhilirating. At the end of last year's first half Brook Street had made 31 per cent of its full-year profits. If that pattern were repeated this year it would fall well short of the £2m the City expects. That said, the target is not out of sight: some special factors in the first half suggest that the profit margin will be substantially higher in the second, and £1.9m is probably within grasps. The shares at 140p, on a prospective p/e ratio of nearly 13 after a 40 per cent tax charge, nevertheless look overvalued in the absence of a bid.

Milbury Homes (North) in liquidation

By David Goodhart

Milbury Homes (North) is understood to have been put into voluntary liquidation by its new owners Poco Properties—which recently bought a 78.7 per cent stake in Milbury Homes from financier Mr Jim Raper for £1.

Before the sale Mr Raper transferred the two most valuable parts of Milbury—Milbury Homes (South) and the Westminster Property Group—to his own holding company St Piran, and Milbury is now consequently the subject of a Department of Trade inquiry.

The office equipment of Milbury Homes (North) in effect the rump of Milbury—is to be auctioned on Thursday by order of Salford County Council and the Sheriff of Greater Manchester. A spokesman for the County Court said yesterday that Milbury was now in voluntary liquidation. Nobody was available for comment at Poco.

Several winding up orders have already been sought by Milbury creditors including one by Tangible Properties Ltd, which was to have been heard on November 4.

Cole shareholders not enthusiastic about bid

Cole Group shareholders have shown little enthusiasm for the £6m all-paper offer from Hartons Group, the USM listed plastics and consumer products distributor.

By the second closing date, acceptances had been received in respect of only 5,940 ordinary shares, or 0.2 per cent. The board of Hartons say the offer will lapse on September 13 if it has not reached the required majority.

There seemed little chance yesterday that Hartons could reach 50 per cent by then. The offer values Cole at around 200p per share in the form of a swap of cumulative convertible preference shares but last night Cole's ordinary were unchanged at 228p. It seems unlikely that Hartons will increase the terms of the bid.

Coles shares were lifted above the terms of the Hartons offer by the intervention of Low & Bonar, which acquired a stake of around 25 per cent in Cole soon after the Hartons's terms were announced.

Low & Bonar still holds these shares, but would not comment last night on market speculation that it would mount a bid itself. Low's shares closed at 333p, up 8p.

Ewart share split being reconsidered

Shareholders in Ewart New Northern, the Belfast-based property concern, have been advised by the board not to accept the proposed ten-for-one share split at next week's extra-ordinary meeting.

However, it emerged last night that Dalkeith (Ceylon) Holdings, which requested the meeting, would not press the original proposition, and would be prepared to settle for a subdivision of the £1 shares into denominations of 20p or 25p.

Mr Roger Lewis, Dalkeith chairman, explained that the share split was intended to increase the market in the shares. He admitted, however, that there was some validity in the Ewart argument that a ten-for-one split would leave the new shares at too low a level.

Navy pension fund dispels bid rumours

The Merchant Navy Officers' Pension Fund, which last week won its takeover battle for Murray Growth Trust, yesterday moved to dispel market speculation that it might also bid for related Murray Electronics and Murray Technology Investments.

Murray Growth has a 10 per cent stake in Murray Electronics and one of 30 per cent in Murray Technology and the share prices of both have risen significantly since the pension fund launched its bid.

However, the fund said yesterday that, prior to launching its offer, it had reached an understanding with Murray Growth and Murray Johnstone, the manager of the trust. This was "that it would not, in the foreseeable future, seek to acquire any shares in any of the investment trusts or investment companies presently managed by Murray Johnstone if its offer succeeded."

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—James Beattie, Brammer, Exco International, Hyman, Kleinwort Benson Lonsdale, Lambert Howarth, London and Scottish Marine Oil, Metal Closures, Provident Financial, Sharpe and Fisher, Systems Reliability, Vosper, Wace, Wates City of London Properties.

Finals:—Colouroll, Land Investors, Minerals Oils and Resources Shares Fund, Ricardo Consulting Engineers.

FUTURE DATES

Interims:—	
BTR	Sept 11
Berkeley & Hay Hill Invests.	Sept 10
Breedon and Cloud Hill Lime Works	Sept 13
British Mohair	Sept 13
British Vita	Sept 9
Brixton Estate	Sept 17
Burmah Oil	Sept 12
Elys (Wimbledon)	Sept 6
Fitch and Co.	Sept 12
Gibbs and Dandy	Sept 6
Hay and Robertson	Sept 6
Jaguar	Sept 12
Nurdin and Peacock	Sept 11
Portals	Sept 5
Savoy Hotel	Sept 10
Tavener Rutledge	Sept 13
Finals:—	
Armitage Bros.	Sept 6
Australia and N. Zealand Bkg.	Nov 18
Estates Property Investment	Sept 12
Grattan	Sept 26
London Merchant Securities	Sept 10
Oceana Consolidated	Sept 6
Old Court International Res.	Sept 16
Pengkalen	Sept 6
Ramar Textiles	Sept 26

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Associated Steel ......int	4	Nov 1	—	—	—
Benford Concrete ...int	1	Oct 1	1	—	3.75
Brook St. Bureau ...int	1.5	Oct 25	1	—	4
F. Copson	1.5	—	1.5	1.5	1.5
IMI ....int	2.2	Oct 21	2	—	4.5
KCA Drilling Grp int	1.5	—	0.5	—	2
Macfarlane Group ...int	1.01	—	0.92*	—	2.15*
Raglan Property	0.09†	Oct 25	0.09	0.09	0.09

Dividends shown pence per share except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	123	Ass. Brit. Ind. Ord. ...	132	—	6.6	5.0	7.3	8.7
151	135	Ass. Brit. Ind. CULS...	138	—	10.0	7.2	—	—
77	43	Airsprung Group	53	+1	6.4	12.1	8.8	11.5
42	26	Armitage and Rhodes...	40	—	4.3	10.8	4.9	6.0
159	108	Bardon Hill	156	—	4.0	2.6	19.7	20.5
64	42	Bray Technologies	64	—	3.9	6.1	7.8	8.0
201	158	CCL Ordinary	158	—	12.0	7.6	3.9	3.7
152	104	CCL 11pc Conv. Pf....	104	—	15.7	15.1	—	—
130	10	Carborundum Ord. ...	123	−1	4.9	4.0	6.1	9.5
90	83	Carborundum 7.5pc Pf.	90	—	10.7	11.9	—	—
73	46	Deborah Services	47	+1	6.5	13.8	4.5	7.2
487	182	Frank Horsell	485	—	1.4	0.3	11.4	15.4
390	170	Frank Horsell Pr.Ord.87	370	—	11.9	3.1	9.2	12.4
32	24	Frederick Parker	24	—	—	—	—	—
77	33	George Blair	77	—	—	—	3.1	5.7
50	20	Ind. Precision Castings	23	+1	2.7	11.7	6.3	6.8
218	177	Isis Group	183	—	15.0	8.2	14.1	21.0
124	101	Jackson Group	104	—	5.5	5.3	7.0	7.0
285	213	James Burrough	236	—	15.0	6.4	7.4	7.4
94	83	James Burrough 9pcPf.	91xd	—	12.9	14.2	—	—
95	71	John Howard and Co.	86	—	5.0	5.8	6.8	10.8
225	100	Linguaphone Ord.	188	—	—	—	6.9	7.2
100	91	Linguaphone 10.5pc Pf.	91	—	15.0	16.5	—	—
650	300	Minihouse Holding NV	570	—	6.9	1.2	24.9	23.7
120	31	Robert Jenkins	83	—	—	—	10.8	23.7
60	28	Scruttons "A"	31	—	—	—	—	7.9
92	61	Torday and Carlisle ...	75	—	5.0	6.7	3.8	6.9
444	325	Trevian Holdings	325	—	4.3	1.3	18.5	18.2
34	17	Unilock Holdings	34	—	2.1	6.2	9.2	9.0
113	81	Walter Alexander	110xd	—	8.6	7.7	6.2	7.6
247	197	W. S. Yeates	197xd	—	17.4	8.8	5.6	9.7

UK COMPANY NEWS

Associated Steel well up midway

IN VIEW of a satisfactory first half, with profits up £0.43m, and continued confidence for the full 1985 year, Associated Steel Distributors is paying an interim dividend of 4p.

Some 12 per cent of the company's equity was placed on the USM towards the end of March. The company is engaged in steel stockholding and has been built up by Coutinho Caro, the UK associate of the large West German international trading group.

No profit forecast was made for 1985 but the directors predicted a dividend total of 8p.

In the half year turnover advanced by nearly £10m to £30.12m and profits before tax moved ahead from £980,000 to £1.41m, helped by the inclusion of acquisitions.

The directors describe the figures as consistent with expectations and say prospects for the remainder of the year remain good, although in the past second half profits have been somewhat lowerlast time they were just over a restated £600,000.

The year has largely been one of assimilation following the acquisition of the businesses of Reusable Steels and Randle Steels, which have been consolidated from January 1. They contributed significantly to turnover growth while the base businesses improved their sales performances by 10 per cent.

It is intended to pursue acquisition opportunities in addition to developing the existing businesses, the directors state.

Tax charge this year is up from £192,000 to £492,000 as previously enjoyed allowances are no longer available. This leaves the net profit at £913,000 (£788,000) for earnings of 13.5p (12.1p after minorities) per share.

● **comment**

ASD seems to have found a reliable formula for success in an unexciting, fragmented market. By buying privately owned companies, absorbing overheads, and applying its own system of tight stock control, ASD is increasing its share of a market that is at best, static. This first set of results since joining the USM is a shade better than the market had expected, and company should make about £2.6m for the year as a whole. In the next couple of years growth should continue from acquiring and subsequently rationalising companies to extend ASD's presence throughout the UK although the scope for geographical expansion is not infinite. Again, in the short term the addition of a full computerised system in all the outlets should give a one-off boost to efficiency, while performance may be further enhanced by the addition of new product ranges. Baring a setback in the industry, the shares look solidly placed at 183p where they trade on a prospective price earnings ration of 7½ (assuming a tax charge of 35 per cent).

Macfarlane confident as profits rise 26%

Macfarlane Group (Clansman), manufacturer of packaging and plastics, specialist printer and office supplier, which produced record pre-tax profits of £3m in 1984, continued the trend in the first half of 1985.

Pre-tax profits increased by 26 per cent to £1.75 compared with £1.4m in the first six months of last year on turnover up 20 per cent to £23.6m (£19.6m).

The interim dividend is being raised to 1.012p from 0.92p, adjusted for a one-for-one scrip issue.

Sir Norman Macfarlane, chairman of the Glasgow-based group, also involved in warehousing, haulage and factory maintenance, says all of its companies have benefited from an improvement in trading conditions. The outlook remains encouraging he says.

Tax accounted for £723,000 (£643,000), leaving a net profit of £1.03m (£747,000). Earnings a share were 3.36p (2.44p, adjusted for the scrip issue).

Abbott's Packaging, A. and W. Fullarton and Daniel Montgomery and Son continued to make good progress and each profited from the investments made in 1984, says Sir Norman.

Clansman Cases of Brackley and Controlled Packaging Services of Westbury, Wiltshire, traded attractively and made increased contributions to group profits, while R. Mitchell of Grantham is now showing potential.

Fle-Pak (UK) is trading strongly, he says. N. S. Macfarlane and Co. of Glasgow performed well and is still busy. Smith Brothers of Kilmarnock improved results considerably following a disappointing performance last year.

M.B.F. (Clansman) of Paisley, the marketing products of which have featured prominently in its improved performance, again made splendid progress, he says, and there will be several interesting developments in this sector soon.

N. S. Macfarlane (Furniture) made a useful contribution to group profits. But trading was difficult for A.C.W. of Aberdeen, which makes thermoplastic mouldings for packaging and industrial use, and C. Williams of Liverpool, which makes rubber stamps and marking devices and is involved in engraving and vitreous enamelling.

Cyro and Farquharson Bros., both in the copying products sector, also experienced difficult trading conditions

Benford Concrete margins up

Benford Concrete Machinery, a construction group based in Warwick, increased pre-tax profits by 21 per cent to £733,000 in the half year to June 30 1985 compared with £603,000 in the first six months of last year.

Turnover was up 9.6 per cent to £11.23m (£10.24m) and, after a £293,000 tax charge (£265,000), attributable profit was up 37 per cent at £440,000 (£320,000). Minorities took nothing, against £18,000 last time. Earnings a share were 1.98p (1.44p) and the interim dividend is unchanged at 1p.

Mrs Stella Brumell

Construction equipment profit improved to £401,000 (£333,000) but galvanizing was down to £87,000 (£120,000). Interest and investment income rose to £245,000 (£150,000).

Mrs Stella Brumell, chairman and managing director, says the new products of Benford Ltd continue to make progress and the recent reduction in the cost of zinc, if maintained, should help Walker Brothers (Galvanizing), a subsidiary.

Export orders, however, remain difficult to come by, she says, with margins on attainable business almost non-existent because of worldwide competition.

With so much depending on the Government's attitude to the construction industry, she says, it is not possible to forecast group results for the rest of the year.

Raglan strong for the future

WITHOUT THE exchange of significant contracts in the year ended March 31 1985, the Raglan Property Trust has suffered a profit fall from £363,000 to £73,000.

But the year was one of increased activity, the directors point out, and this will be reflected in future results. They say the underlying strength of the company augurs well for the future, and are maintaining the dividend at 0.085p net.

Principal activities are property development and investment in shops and commercial premises in the UK. Results are dependent upon the timing of exchange of contracts and this year turnover was only £597,000 (£3.55m), and the gross profit £251,000 (£522,000).

The policy of enlarging the property investment portfolio without substantially increasing financial gearing has resulted in a significant strengthening of the company, from which it will be able to grow further.

The directors are, therefore, confident that more good progress will be made during the current year.

In March, the company announced the acquisition from Glynwed International of various freehold and leasehold properties from £4.25m in cash and shares. Glynwed retained some 33m shares of its entitlement—equal to nearly 29 per cent of the enlarged capital—and the balance was offered to existing shareholders for subscription.

After a tax credit £25,000 (charge £157,000) the net profit comes out at £98,000 (£206,000) for earnings of 0.16p (0.33p). Net asset value per share is shown at 7.2p (6.6p).

No income has accrued from the Glynwed properties in the year. With the inclusion of those properties, and as a result of rent reviews and the renegotiation of certain leases, investment portfolio income has risen from £250,000 a year ago to £582,000 annually.

Further lettings and rent reviews, particularly of the principal property acquired from Glynwed and due for review at Christmas, will increase that income to well in excess of £600,000 per year.

With regard to current development activity, the directors report that in Witney, contracts have been exchanged with a leading institution for the funding of the £10m town centre shopping scheme. Contracts have been exchanged with Waitrose and two other retailers to secure a rent roll of £330,000 per annum.

When completed in 1987, the scheme will provide Waitrose with its largest store outside of London.

Contracts have been exchanged for the letting of the whole of the office development in Slough which, is due for completion next spring.

The City of London project will shortly be offered for sale following the exchange of contracts for all the residential units and the letting of the commercial area.

At Fleet in Hampshire, Raglan has received planning permission for a 15,000 sq ft shop and office development.

On new projects, the directors say in Chepstow agreement has been reached for the acquisition of a site for a shopping development, and contracts have been completed for the principal part of the site.

Detailed planning permission has been granted by Monmouth District Council for the scheme which will comprise 10 shop units linking the town's main car park and High Street.

In London, contracts have been exchanged for the acquisition of London Dock House, which comprises two listed buildings. They are immediately adjacent to the St Katherine Dock complex and the new London Commodity Exchange, and will be "sympathetically refurbished."

● **comment**

One of the problems with being a small property company such as Raglan is that it only takes a couple of delayed completions on dealing and the pre-tax line can go to pot. In Raglan's case there were three delays costing its profits line upwards of £400,000. As these will now drop into this financial year, 1986 could be as great a bonanza as last year was a profits famine, especially as the Slough development profit, worth say £500,000, could come through. In fact contracts will be structured to smooth the profits line and the management can now count on a steady progression for the next couple of years. By then Raglan might at long last be at the stage where it can demonstrate a growing asset base and let the rent roll onwards to pay the dividends. Industrial land is on the way out, injecting perhaps as much as £1½m which can be redirected into London offices and shopping developments in solid market towns. Following the deal with Glynwed, giving the engineer a 29 per cent stake, more than half the equity is in institutional hands. Interest in the stock is gradually reviving as Raglan sheds its image of a company still fighting to get off the ropes following the debacle of the mid-seventies. The shares, at 7½p, may not be in the penny stock class for much longer.

ISE rises to £1.7m but sounds warning

Industrial Scotland Energy, the USM-listed oil and gas exploration and production company, raised its first half profits before tax from £712,000 to £1.68m.

The directors say the results were up to their expectations but point out that they were aided by the strength of the dollar against sterling in the earlier part of 1985.

And with the company now in a very unsettling period where weaker oil prices are no longer offset by currency gains the directors warn that as most of its revenue is in dollars the results for the full year will be affected accordingly.

Turnover for the half-year to end-June pushed ahead from £2.51m to £5.44m. Production costs and royalties increased to £1.4m (£684,000) and depletion of oil and gas reserves to £1.12m (£587,000) to leave gross profits at £2.92m, against £1.24m.

Pre-tax profits were after deducting general administration expenses of £659,000 (£250,000) and exploration and production write-offs amounting to £702,000 (£168,000) and adding in net interest income of £127,000 (£106,000 charge).

Tax rose to £221,000 (£100,000) and net profits emerged at £1.46m (£612,000), equal to 9.01p (8.6p) per £1 share.

The directors say the company continues to grow and is presently involved in a number of groups studying the onshore area of the UK for the first round of licensing. They add that the company has been accepted as operator of some of these groups and this marks an important milestone in its development.

Industrial Scotland's active exploration programme continues and the exploration prospects in France are described as particularly exciting.

Renishaw buys 75% of MAE

RENISHAW, the high-technology company based in Wotton-under-Edge, Gloucestershire, is acquiring 75 per cent of Micro-Aided Engineering of Thetford, Norfolk, which designs and manufactures computer-aided design and computer-aided manufacturing systems and equipment, for £780,000 in cash.

Of this, £252,500 is being injected into the business for the purchase of new shares, £452,500 is to buy out the interests of outside shareholders and £75,000 is for part of the holdings of MAE employees.

The employees, who will retain a 25 per cent holding, will have an option to sell their remaining shares to Renishaw on a profit-related formula.

MAE, which will be operated as a subsidiary, was established three years ago. It made a pre-tax loss of £19,000 in 1984 on a turnover of £1.6m. Net tangible liabilities were £157,000.

Cut in drill ship losses helps KCA Drilling

WITH LOSSES on its drill ship operations showing a large fall, interim profits at KCA Drilling Group returned to the levels of two years ago. However, the directors warn that although they are looking forward to a satisfactory outcome for the full 12 months, it remains sensitive to the earnings of the drill ship.

On turnover up by 34 per cent to £20.92m (£15.64m), pre-tax profits for the first six months of 1985 rose from £1.13m to £3.19m. From earnings per share of 2.26p (0.63p), the interim payment has been trebled to 1.5p.

Last year there was a total payment of 2p from taxable earnings of £2.52m. The directors say that the full payment for 1985 will be determined on the profitability of the group for the year as a whole.

Within the pre-tax profit figure the drill ship, Polly Bristol, showed a loss of £318,000 compared with £2.82m at the interim stage last year. The ship has been on contract continuously since the beginning of the year, however, day rates in January and most of February were unprofitable. Since then they have improved and, for the six months, income was sufficient to cover operating and finance costs and make a contribution towards overheads.

Following the conclusion of the Total contract the company is pursuing further opportunities for the employment of the ship for the remainder of the year and beyond.

Directors say that while the results were a substantial increase, compared with last year, conditions in international contract drilling remained difficult, particularly in the mobile offshore drilling market.

There has been an improvement but because of over-supply throughout the world it has been only gradual and limited to certain segments of the market and geographical areas. Drilling contracts continue, therefore, to be short-term and day rates poor.

Despite the continuing depression, conditions within the North Sea were much more favourable. This gave the company the confidence to participate in the already-announced acquisition of a jack-up drilling rig, the STC Platon, specifically for this market.

The company has taken a 60 per cent interest in a company with Sweden's STC Venture AB in a $34m deal to buy and operate the rig. The expansion into jack-up rigs and semi-submersible activities has been the policy of the group since its management buy-out from the then KCA International in 1983.

The onshore and platform drilling operations continued satisfactorily. In particular the group has been awarded one-year contracts by Carless, Capel & Leonard and Conoco. Results from these activities improved although the pre-tax figure was lower than for 1984 due to the start-up costs for the UK land drilling operations and certain non-recurring revenues received in the previous period.

Operating profit came out at £3.18m (£1.26m) and the pre-tax figure was struck after interest payable fell to £723,000 (£964,000) and exchange gains of £737,000 (£825,000). The tax charge was £1.39m (£622,000).

KCA Drilling is a subsidiary of Rosshold.

COMPANY NEWS IN BRIEF

HELTON HOLDINGS, Dublin-based fuel and builders' merchant, says it is in talks which may lead to the introduction of new investors and to an increase in the capital base. Shareholders advised to await further announcement.

MILLER RAYNER and Haysom, maker of uniforms, has lifted sales from £2.97m to £3.27m and profits from £29,000 to £118,000 for half year ended April 30 1985. Growth has occurred over all activities including Dutch subsidiary, and result helped by tight financial controls. After tax £37,000 (£10,000) and minorities £18,000 (£3,000) net attributable profit £63,000) for earnings 4.53p (1.09p) per share.

STEAUA ROMANA—Ambrit Inc has acquired from Clabir International Corporation 14.26m ordinary (restricted voting) and 1.74m deferred shares in Steaua which together represent 78.8 per cent of the combined voting interest in the company Clabir Corporation (directly and through Clabir Intl Corp) owns approximately 84 per cent of the outstanding common stock of Ambrit Inc.

NEW DARIEN Oil Trust says it has joined with a number of U.S. investors to acquire a significant interest in Ensource, a Denver-based company with a New York listing. Over the year to July 31 1985 New Darien raised net asset value per 25p share from 71.1p to 75.4p. Fully diluted the figure was 77.6p (73.7p). Net profits for the half year to end-July totalled £46,821 (£7,612) after tax of £22,016 (£14,837). Earnings per share amounted to 0.47p (0.08p).

REDFEARN NATIONAL Glass: It has been announced that Industrial Equity (Pacific) Holdings has increased its holding to 1.01m ordinary shares, representing 16.6 per cent of the equity.

FLEET HOLDINGS, publisher of the Daily Express and Sunday Express, will provide information on its results for the year ended June 1985 once United Newspapers has issued the formal document detailing its £288m takeover bid. Yesterday in a letter to shareholders, Lord Matthews, Fleet chairman, repeated his advice that they should take no action in relation to the United offer.

SEDGWICK GROUP'S merger with the Fred S. James Group has been completed. Under the terms of the investment agreement, Transamerica Corporation has received 73.73m ordinary and 68.47m "A" ordinary—39 per cent of the enlarged equity capital of Sedgwick and 29 per cent of the voting rights.

F. COPSON, supplier of heating equipment and builders' material based in Birmingham, reduced pre-tax profits by 40 per cent to £113,213 in the year to April 30 1985 (£190,280). Turnover £6.8m (£6.6m). Earnings per share were down sharply to 1.79p (4p). But the dividend is being maintained at 1.5p. Annual meeting, Sutton Coldfield, on September 26, at 3 pm.

LADBROKE INDEX
1,010-1,014 (−2)
Based on FT Index
Tel: 01-427 4411

MONTHLY AVERAGES OF STOCK INDICES

	August	July	June	May
Financial Times				
Government Securities	83.44	82.92	81.80	80.76
Fixed Interest	88.54	87.74	86.32	85.66
Ordinary	973.5	935.2	980.4	1003.8
Gold Mines	316.3	386.9	437.9	481.5
Total Bargains	21,116	20,181	22,200	25,242
F.T.— Actuaries				
Industrial Group	643.23	†610.56	637.42	652.77
500 Share	685.68	652.86	679.04	696.95
Financial Group	481.60	466.35	469.81	470.78
All-Share	626.33	†599.89	621.04	635.44
FT-SE 100	1298.9	1243.9	1284.7	†1319.9

	August High	August Low
Ordinary	1013.9 (30th)	943.9 (5th)
All-Share	646.26 (30th)	612.56 (5th)
FT-SE 100	1340.8 (30th)	1271.8 (5th)

†Corrected figure

IMI

Interim Report
for the Half Year to 30 June 1985

	1985 first six months £ million	1984 first six months £ million	1984 Year £ million
Turnover	404.3	365.9	737.9
Trading profit	27.0	21.2	52.6
after charging depreciation	9.6	9.0	18.9
Income from investments and interest received	3.4	2.8	6.1
Interest payable	(7.8)	(6.5)	(13.6)
Profit on ordinary activities before taxation	22.6	17.5	45.1
Taxation on profit on ordinary activities	(7.8)	(7.2)	(15.4)
Profit on ordinary activities after taxation	14.8	10.3	29.7
Applicable to Minority shareholders of subsidiaries	(0.3)	(0.4)	(0.8)
Profit applicable to shareholders of IMI plc before extraordinary items	14.5	9.9	28.9
Extraordinary loss after taxation	-	-	(3.1)
Profit applicable to shareholders of IMI plc after extraordinary items	14.5	9.9	25.8
Earnings per share (excluding extraordinary items)	5.4p	3.7p	10.7p

Note:
The charge for taxation includes overseas taxes of £3.7 million (1984 £5.1 million).

The half year results shown above are unaudited. The results for the full year 1984 are abridged from the audited accounts which have been delivered to the Registrar of Companies.

DIVIDENDS

The Directors have declared an interim dividend for the current year at the rate of 2.2p per share (1984: 2.0p per share). This dividend will absorb £5.9 million (1984: £5.4 million) and will be paid on 21st October 1985 to shareholders on the Register on 26th September 1985.

BRIEF REVIEW OF ACTIVITIES
The analysis of turnover and profit on ordinary activities before taxation by class of business for the first half of 1985 and the first half of 1984 is set out below.

	1985 first six months Turnover £m	1985 first six months Profit £m	1984 first six months Turnover £m	1984 first six months Profit £m
Building products	83	1.5	83	1.8
Heat exchange	40	2.5	38	2.0
Drinks dispense	73	7.0	62	7.1
Fluid power	44	5.0	40	4.2
Special purpose valves	20	1.6	17	1.3
General engineering (and other activities)	43	2.5	36	2.2
Refined and wrought metals	137	4.0	121	0.8
	440	24.1	397	19.4
Corporate finance and administration costs	—	(1.5)	—	(1.9)
Intra-group sales	(36)	—	(31)	—
	404	22.6	366	17.5

First half pre-tax profits of £22.6 million were 29% higher than those reported last year.

The Board expects that IMI's customary pattern of trading will be followed in which the second six months of the year generate higher profits than the first. It seems likely that the percentage profit increase for the year as a whole will be substantial but will be less than the percentage increase achieved in the first half.

BUILDING PRODUCTS, HEAT EXCHANGE, DRINKS DISPENSE, FLUID POWER, SPECIAL-PURPOSE VALVES, GENERAL ENGINEERING, REFINED AND WROUGHT METALS
IMI plc, P.O. Box 216, Birmingham B6 7BA.

TECHNOLOGY

EDITED BY ALAN CANE

How an electronic paintbox adds power to the designer's elbow

Designers are deserting traditional pencils and drawing boards for electronic graphic aids which dramatically speed the transformation of rough sketches into finished art work. Peter Marsh reports how one design consultancy has benefited from making the switch

DESIGN and consumer-goods companies are turning to a new generation of powerful computers to add a burst of speed to producing artwork in activities such as packaging and book-publishing.

The computers produce high-quality graphics in a fraction of the time required using pencil and paper. They are making their presence felt in a variety of areas, including the design of labels for beer bottles and packaged food, illustrations for children's books and marketing new formulations of cosmetics.

The computers are made by Quantel, part of the £85m-turnover UEI group of UK high-technology companies and one of the world's leading companies in computer graphics. Quantel's machine is the Paintbox, a device that generates high-quality graphics on a screen at the touch of buttons on a keypad.

The device contains a library of thousands of images—captured either from photographs and printed drawings or patterns that the designer himself can generate on the computer screen.

With an array of keypad commands, the images can be moved around the screen and coloured in a variety of shades. Lettering can be added in a number of styles and sizes.

Most of the 300 Paintboxes Quantel has sold since 1981 have been bought by TV broadcasting organisations such as the BBC and Independent Broadcasting Authority in Britain and NBC in the U.S.

In recent months, Newbury-based Quantel has made sales to non-broadcasting organisations, which use the hardware to generate images used in packaging design, publishing and other areas.

"We have accomplished with our machine in an hour what would have taken a day using a felt-tip pen," says Mr David Harris, sales and marketing director of Towers Noble, a design consultancy in Stevenage, Hertfordshire.

Towers Noble, one of several design companies to buy a Paintbox (see panel), is a £1m-turnover group specialising in designs of packages for customers such as Safeway, Boots, George Bassett (the confectionary company) and Reckitt and Coleman.

The Paintbox, with accessories such as a camera to capture images from photographs and other printed items, cost Towers Noble £130,000, and has enabled the company to speed up the design of labels for a number of clients including Greene King (the brewer), Nesbitt, a children's book publisher, and Buckingham Foods, which makes packaged foods for supermarket chains.

Originally, says Mr Harris, his company bought the Paintbox to increase designers' productivity. His staff of 30 could not manage a particularly heavy workload, and Towers Noble was having problems recruiting more people.

But the Paintbox has increased the company's capabilities so much that contracts from clients are continuing to pile up—which means he is still on the lookout for extra staff.

The request from Buckingham Foods came one Friday night. The food company wanted a set of label designs for the foods—which included braised kidneys, stir-fry pasta and chicken chow mein. Using Paintbox graphics, the Towers Noble designers produced a range of final designs by the following Tuesday—a task that would normally have taken at least a fortnight.

Armed with the designs, Buckingham clinched the agreement with Tesco the next day.

The Paintbox has helped Towers Noble in the first two of the three stages in which design teams work on a piece of artwork for a client.

Using the computer, Towers Noble staff first experiment with a range of images until they come up with a design they think suitable for a specific job. This is equivalent to a designer scribbling on a notepad to get a rough idea for the layout of a drawing or label.

Next, a graphics artist would normally go to the drawing board to produce high-quality artwork. With a series of painstaking manual techniques—line drawing, printing, photography, air brushing, pasting and so on—the designer would come up with a series of proposals for the finished design.

But with the Paintbox, the designer can move directly from the "scribbling" to the "rough design" stage with very little effort. Using the computer controls, he or she can modify the artwork extremely easily, whereas with the conventional approach based on pen and paper, a new drawing means tearing up paper and starting afresh.

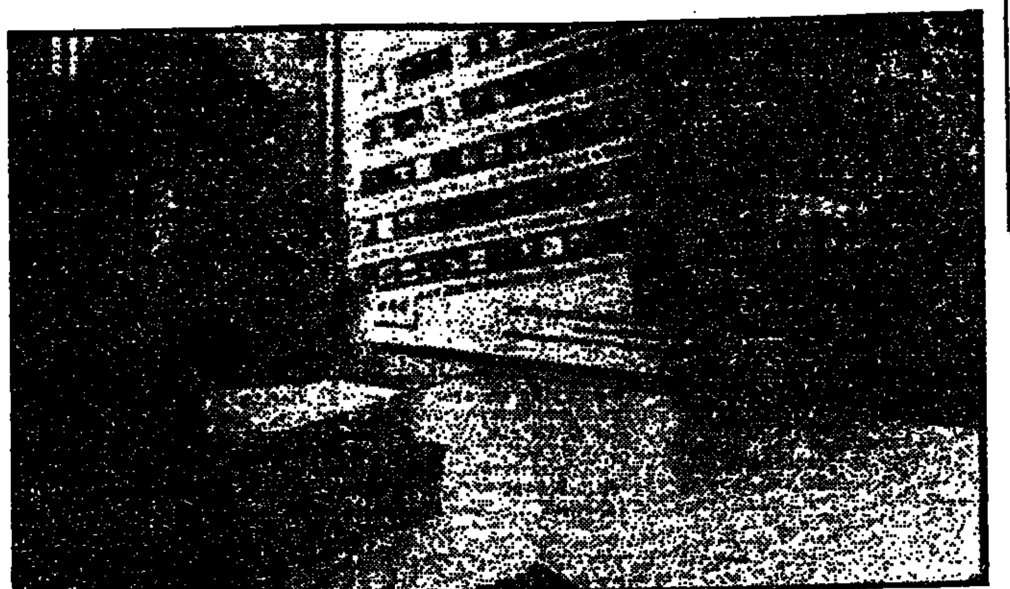
Only at the third and final stage — the production of the final piece of artwork ready for incorporation in the finished product — do Towers Noble staff have to resort to conventional methods based on manual techniques such as photography and printing.

In the case of the work for Buckingham Foods, for instance, the designers at Stevenage created a number of rough designs using computer-generated images of foodstuffs together with letterings. With the Paintbox, images of individual pieces of, say, pasta or chicken could be moved around on a screen until they looked particularly appealing.

For the final designs to be printed on supermarket packets, the designers had to instruct cooks to prepare samples of the pasta and chicken—as near as possible to how they appeared on the screen. They were then photographed for incorporation in the items on sale in the supermarket.

With a new version of the Paintbox, which Quantel is due to sell next year, this final manual stage — in which designers have to abandon the computer and resort to conventional techniques—may not be needed.

Quantel says the quality of the pictures from the new "Graphics Paintbox" will be so good that companies will be able to use computer-generated pictures for the artwork that will appear in the finished product.



Painting by numbers: a designer works with Quantel's Paintbox, using an electronic stylus

AMONG the non-broadcasting companies to use Quantel Paintboxes are:

- British Home Stores—application in label design.
- AID, a design group in London, is involved in similar work.
- Headline a Newbury design agency is using its machine to design advertisements.
- Unnamed British military establishments use Paint Boxes in simulation exercises, for example to show images of tanks and other military vehicles as an aid to training soldiers.
- Shiseido, a Japanese cosmetic manufacturer, is with a Paintbox producing images of how different faces look when "made-up" with a range of different cosmetic formulations.

TV quality: cleaning up the picture

Video & Film

BY JOHN CHITTOCK

IN the cinema's battle to maintain if not increase box office receipts, one factor in levering audiences away from their TV sets remains unchallenged. The quality of properly projected film, seen on a large screen, offers an experience which television and video have so far failed to equal. But the arrival of direct broadcasting by satellite and related technologies may bring a shift in this balance of power,and with it—paradoxically—unexpected problems for the programme providers.

Subject to the purely commercial and political considerations which surround the DBS debate, the availability of satellite transmission offers broadcasters a chance to introduce substantial improvements in the quality of TV pictures seen in the home. The now widely accepted proposals to use a different transmission system on DBS — the so-called C-MAC devised by the IBA (and variants of this wanted by the French)—will provide higher quality pictures with better resolution and open the way for much larger screens.

The basic MAC proposals will enhance picture quality by cleaning up various faults inherent in existing TV systems, such as noise on picture (visible as "snow" on dark areas), moiré or shot-silk effects. It will also provide subjective sharpness of the image, absence of flicker in bright areas and improved sound quality.

Although MAC is essentially a different method of processing and transmitting TV pictures, its full benefits will come only with the use of a new generation of TV receivers, incorporating frame stores (to increase the effective scanning rate) and even wider-format, larger screens using displays different from the familiar cathode ray tube.

> 'High definition television is the most significant of the developments on the horizon'

There is a chain of commercial, technical and political decisions which will determine exactly when the public enjoys this new experience—even though most of the technology is ready to provide it (and will be demonstrated at the Royal Television Society's convention in Cambridge later this month).

On the horizon are further developments. The most significant of these is high definition television which uses more than the 625 lines standard to Europe. It could employ 925 lines; or even 1,125 lines, equal to the resolution of 35m cinema film.

Mr Tom Robson, head of engineering at the IBA, estimates the lead time on C-MAC as about three years, so that if the right political and commercial decisions were made today, improved quality TV could be operational by 1988. An upgraded version with wide screen formats (so-called "enhanced TV") could be ready by the 1990s. On the other hand, Robson sees high definition TV as unlikely to happen within 20 years.

Others are more optimistic. A specialist report, *Strategies for Higher-Definition Television* (Tim Johnson, Ovum), predicts that HDTV theatres will start to open in the early 1990s, replacing cinemas. Certainly Robson and others do not see HDTV as a domestic system and regard enhanced TV as the optimum in quality needed for fireside viewing.

Either way, it means that within the next ten years the television viewing public may have the opportunity to see cinema-quality pictures in their own homes — on screens up to 3ft wide

The impact of this on the cinema may be too depressing to contemplate — the more so when, ironically, cinema screens are getting smaller. But there is another effect which the industry seems so far to have ignored. All programmes shot on videotape for PAL 625 line systems could, at worst, be rendered obsolete, at best need conversion or up-grading.

> 'At worst, material shot on videotape for PAL 625 line systems could be rendered obsolete'

Technically it is possible to clean up a PAL videotape for use on enhanced TV, but it is hardly the best way to programme a higher quality system; and with larger, wider screens in the home, the end result could be counter-productive. If HDTV catches on, old 625 line tapes will be no equal for the needle-sharp resolution such technology can provide.

The syndrome is not totally unfamiliar to the television industry, which has virtually scrapped its old, two-inch videotape machines in favour of the newer and better one-inch. This has meant converting much old material, using outside facility houses. Anyone who remembers the Forsyte Saga or some of Tony Hancock's great TV series will regret that they were shot in black-and-white.

It need not happen again, because the law of diminishing returns is ensuring that picture quality will not continue to progress at an exponential rate. What is does require, however, is that the industry—now reaching peaks of technical perfection—should originate programmes to a picture quality comparable to the performance of these newer delivery systems.

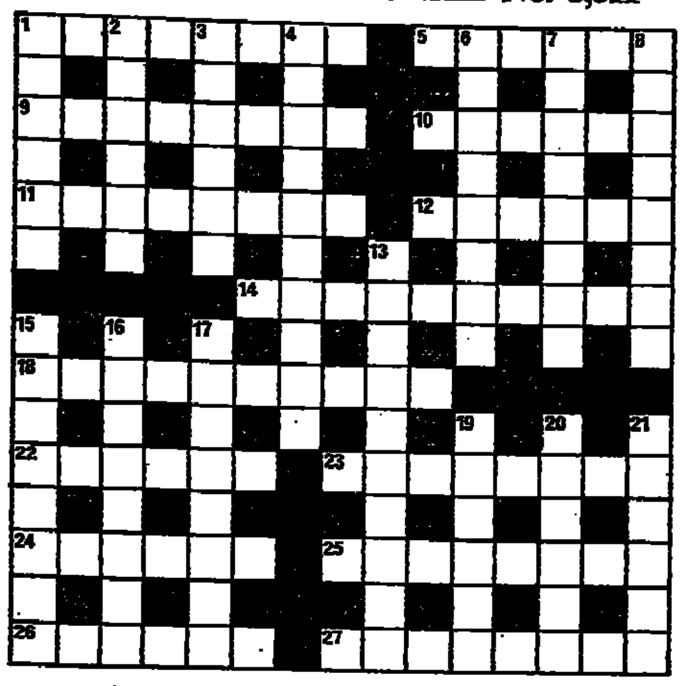
Few in the industry would argue that the safest way of ensuring standards that will be acceptable to any electronic systems of the future is to shoot on sprocketed film.

Not only is film capable of resolution to optimum standards, but its ability to reproduce a greater brightness range than videotape means its picture quality will invariably excel that of any future electronic developments.

Programme makers, whether independent producers or broadcast TV companies, are thus in some instances shooting expensive, and perhaps culturally important, material on a medium that may not be best suited to the television standards of the next decade.

Film still rules for many major TV productions, especially drama with its elaborate location work. But there are still cases where producers using videotape should give greater attention to forward planning, recognising that today's great performances may be tomorrow's priceless classics.

F.T. CROSSWORD PUZZLE No. 5,811



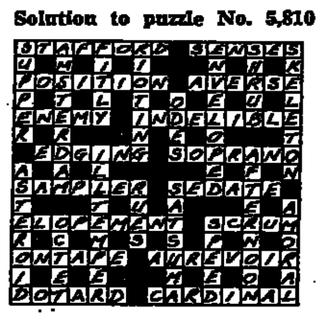
ACROSS

1 Quietly heads advocates (8)
5 Seethe when about two thousand is sent back (6)
9 In public accountants appear gloomy (8)
10 Suspend a man having a name for being good and sound (6)
11 Urge turning round in trains with some caution (8)
12 Sanctimonious, yet almost making a bit of a bloomer (6)
14 A professional person getting to work on foot (10)
18 This allows for inflation (10)
22 Cooked with oil in bed! (6)
23 Its end is frayed—otherwise all is neat (8)
24 Slow to give a girl soldier a ring (6)
25 A small round window that's set centrally (5, 3)
26 Scrape the bottom (6)
27 Worries about the birds' protection (8)

DOWN

1 Fall examinations till ..... (6)
2 ..... cast off (6)
3 Worker taking a cut? (6)
4 18 across writing on the subject of peace absorbing one (10)
6 Scheme to raise interest (8)
7 In it a man may find support (8)
8 Gun returned with a note—put in order (8)
13 Underworld boss offering to make deal (10)
15 A sad bore changing on the beach (8)
16 The fence is a dunderhead existing in colourless surroundings (8)
17 Guiding 10 across about a point repeatedly (8)
19 Liberal backed and allowed accommodation (6)
20 Not all Midsummer's Eve revels are serious (6).
21 Like companies' resources (6)

Solution to puzzle No. 5,810



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)
252 High Holborn WC1V 7EB 01 405 8441

Pearl Growth Fd	61.7	67.4		1.97
Accum Units	94.7	101.2	-0.1	3.37
Pearl Inc	90.7	96.5	+0.3	4.42
Pearl Unit Tst	94.6	100.6	+0.3	4.06
(Accum Units)	159.8	170.0	+0.5	4.06

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames 0491 576868

Growth	183.8	197.3	+0.2	1.52
Income	141.5	151.5	+0.8	5.38
Worldwide Recovery	105.5	111.2	+0.2	2.15
American Growth	56.6	60.8		0.70
Intl Emerging Cos	59.0	63	+0.1	0.74
Far East Growth Fd	46.1	49.5	-0.2	1.0

Prolific Unit Trusts
222, Bishopsgate, EC2 01-247 7544/7

Prolific Far East	100.4	107.6	-0.5	0.24
Prolific Extra Inc	62.71	66.7	+0.5	6.02
Prolific Gilt Cap	81.4	86.8	-0.7	3.17
Prolific High Inc	133.3	141.8	+1.3	5.30
Prolific Intl	82.2	88.1	-0.1	1.76
Prolific N Amer	113.4	123.6	+0.3	2.67
Prolific Spec Sits	143.8	153.0	+1.7	1.48
Prolific Technology	98.7	105.7	+0.1	0.96

Providence Capitol Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Japan Trust	49.2	52.1	+0.4	-
Worldwide	47.4	50.2	+0.1	2.82
European Trust	50.4	53.4	-0.1	2.19
North American	48.2	51.1	+0.2	2.02
UK Equity	50.5	53.5	+0.2	3.93

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-69, Ilford Hill, Ilford, Essex, IG1 2DL 01-478 3377

Holborn Equity Tst	330.3	351.3	+2.0	3.55
Holborn Gilt Tst	155.3	162.3	-0.4	7.26
Holborn High Inc	56.0	59.9	+0.1	6.90
Holborn Intl	60.4	64.3		0.55
Holborn UK Growth	64.8	68.9	+0.4	3.39

[illegible]

INSURANCES

[illegible]

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	11.55	—	—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST 01-236 0952				
Call Fnd	11.79	8.82	11.09	Mth
7 day Fnd	11.62	8.69	12.00	Mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE 01-236 1425				
Call Fnd	11.75	8.78	12.93	6-Mth
7-day Fund	11.64	8.70	12.83	6-Mth
Dollar	7.75	—	—	6-Mth
Money Mngt Acct	11.50	8.60	12.80	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh, EH2 4DF 031 225 8484				
Full Service Chq Acc	11.25	8.00	11.93	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01 638 6070				
Treasury Acc	11.375	8.50	12.70	Qtr
Mth. Int. Chq	11.25	8.41	12.60	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	10.85	8.11	12.01	Mth

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ● Yield column shows annualised rates of NAV increase. xd ex dividend

OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	16	Marks & Spencer	11
BAT	32	Midland Bk.	38
BOC Grp	25	NEI	8
BSR	16	Nat West Bk	60
BTR	52	P & O Dfd	36
Babcock	14	Plessey	17
Barclays	48	Polly Peck	26
Beecham	32	Racal Elect	18
Blue Circle	45	RHM	11
Boots	15	Rank Org Ord	32
Bowaters	20	Reed Intnl	50
Brit Aerospace	33	Sears	8
Brit. Telecom	11	TI	20
Brown (J.)	3	Tesco	20
Burton Ord	39	Thorn EMI	35
Cadburys	14	Trust Houses	13
Charter Cons	18	Turner Newall	10
Comm Union	19	Unilever	85
Courtaulds	12½	Vickers	19
Debenhams	17½	**Property**	
Distillers	28	Brit Land	12
FNFC	8½	Cap Counties	18
Gen Accident	45	Land Secs	25
Gen Electric	17	MEPC	28
Glaxo	85	Peachey	22
Grand Met	25	Samuel Props	14
GUS 'A'	60	**Oils**	
Guardian	60	Brist. Oil & Min	4
GKN	17	Brit Petroleum	42
Hanson Tst.	17½	Burmah Oil	18
Hawker Sidd	38	Charterhall	6
ICI	60	Premier	5
'Imps'	18	Shell	60
Jaguar	28	Tricentrol	18
Ladbroke	24	Ultramar	19
Legal & Gen	50	**Mines**	
Lex Service	28	Cons Gold	44
Lloyds Bank	45	Lonrho	14
Lucas Inds	25	Rio T Zinc	56

A selection of Options traded is given on the London Stock Exchange Report Page.

Report queries Colombian coal prospects

BY MAURICE SAMUELSON

COLOMBIA'S drive to supply a tenth of the world trade in steam coal by the year 2000 through a major expansion of output may have to slow down because of falling sales forecasts and tightening credit restrictions by international banks, according to a new report from the International Energy Agency.

The IEA's London-based coal research team says that despite official estimates that exports of steam coal from new open cast pits could reach 35m tonnes, it is unlikely that they will exceed 16m tonnes a year until the 1990s.

The report, which discusses several major coal projects in the South American republic's Atlantic coast region, says that apart from the two major developments to which Colombia is committed — Cerrejon Central and Cerrejon North — some or all of the five other major projects may have to be delayed.

The report, by Mr Eric Jamieson, says that the Cerrejon North project will require "a significant real" rise in coal prices over currently depressed international prices to achieve an acceptable return on investment.

The developers of the Cerrejon North project are Intercor, a wholly owned subsidiary of Exxon, as operator, and Carbocol, the Colombian State coal co-operation. The study says that while Carbocol might recover costs at current prices, Intercor may be less able to do so and the reduced tax returns to the Colombian Government will fall short of balance of payment targets.

The Cerrejon North project is being constructed as a 15m tonnes a year open pit with associated rail and port facilities. Production, which began last year, is progressing on schedule and within budget to full output in 1989.

The Carrejon Céntral project, currently producing 1.5m tonnes a year, might recover costs at current prices but the rate of return to Carbocol over its 10 year life may be less than 5 per cent because of the slow recovery of world prices. Expansion of this project to 10m tonnes a year, a declared objective of the Colombian Government, depends on higher prices.

According to the IEA, "a delay or reduction in the Cerrejon Central expansion, and consequent postponement of other new projects, appears to be a strong possibility until there is clear evidence of real price increases.

"It seems likely, therefore, that Colombian thermal coal exports will be limited to the production from the two Cerrejon projects now under way, and so will not amount to more than 16m tonnes a year until the mid 1990s."

The combined marketing efforts of Carbocal and Exxon Coal International for Cerrejon production "have not been a resounding success," the report says. Firm sales and letters of intent amounted to about 50 per cent of the output from the North and Central projects, and Carbocol was heading for credit problems.

Cost and Availability of Colombian Coal, by Eric D. Jamieson with assistance of Kathleen Jamieson, 75 pages, (IEA Coal Research, London, 14-15, Lower Grosvenor Place, London SW1); £50 to organisations in IEA member countries.

Broker estimates 10% rise in tea output

By Our Commodities Staff

TEA OUTPUT in main producing countries to the end of July totalled 505,753 tonnes this year compared with 457,153 tonnes in the corresponding period of 1984, London broker Wilson, Smithett estimated yesterday.

It put North Indian production at 165,800 tonnes, up 26,700, South Indian at 81,300, down 8,000, Bangladeshi at 20,100, up 5,300, Kenyan at 83,432, up 24,300, Sri Lankan at 128,960, up 300, and Malawi at 26,161, up 600.

Stocks of tea in the UK at the end of August amounted to 67,261 tonnes, 8.2 per cent higher than a year earlier, Wilson Smithett said.

Demand at yesterday's weekly London tea auction was good, the Tea Brokers' Association said, but prices were little changed. Quality grade tea was again unquoted. Medium grade was unchanged from the last sale at 135p a kilo, and low medium was up 2p at 108p a kilo.

● EGYPT has raised its light crude oil price by 40 cents a barrel and the prices of its heavier grades by 25 to 30 cents, a senior official of the Egyptian General Petroleum Corporation (EGPC) said.

The rises reflect higher spot market prices, he explained.

The price of light crude Suez blend, Ras Al-Bahar and Zeit Bay, goes up to $25.65 a barrel from the $25.25 set in July. The heavier Balayim and Budran grades are $24.55, up from $24.25, while Ras Gharib oil rises to $23.25 from $23.00.

● UGANDA's military government appointed Mr John Bosco Oryem, a former MP, as chief executive and chairman of the Coffee Marketing Board. He is not known to have any experience of the coffee industry, traders said.

● LABOUR leaders at Centromin, Peru's biggest state-owned mining company, have postponed the beginning of a threatened strike.

LME aluminium stocks jump

BY OUR COMMODITIES STAFF

ALUMINIUM stocks in official warehouses of the London Metal Exchange rose sharply last wek, according to figures published by the LME yesterday.

The news, however, did not make much impact on the aluminium market, which has been depresed for months by the high level of non-Communist world stocks and excess production capacity. Cash aluminium was £3 per tonne down on the day at the unofficial close in a metal market otherwise largely dominated by currency movements.

LME stocks rose by 30,050 tonnes to 180,600 tonnes, their highest level for several months. The increase largely reflected heavy deliveries of T-Bars—which are not a commonly traded shape of metal on the LME—into Rotterdam warehouses.

Analysts said the figures were not entirely unexpected. Some said the arrival of such a large amount of metal in Rotterdam may go some way towards explaining the unusually large drop in non-communist world stocks reported by the International Primary Aluminium Institute (IPAI) last month.

The IPAI said stocks fell by 94,000 tonnes in June, but the market was sceptical at the time as to whether that much metal had been genuinely drawn for consumption or had simply disappeared from the system.

"Prices are just going to keep moving sideways within a narrow range until there's a sustained drawdown in IPAI stocks," said one analysts. However, a trader said he thought the LME stock news would further dampen any prospect of a significant price rise.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Changes during week ending August 16)
(tonnes)

Aluminium	+30,050	to 180,600
Copper	+ 3,400	to 206,650
Lead	− 200	to 35,950
Nickel	− 216	to 6,150
Tin	+ 1,185	to 31,860
Zinc	+ 125	to 35,975
	(ounces)	
Silver	+262,000	to 53,622,000

Australia counts costs of EEC farm policy

BY LARRY KLINGER IN CANBERRA

THE PROSPECTS for radical reform of the EEC Common Agricultural Policy are likely to remain dim until Europeans, both in government and elsewhere, realise that its economic costs are far greater than just the EEC's annual budget outlays.

This is the main conclusion of a study* on EEC agricultural policy published yesterday by Australia's Bureau of Agricultural Economics in Canberra.

The Bureau, a Government-funded research organisation, argues that the CAP is bad for other agricultural producers and for the European Community itself.

The transfer of 60bn to 70bn European Currency Units in assistance to European farmers from consumers and taxpayers had adverse effects on employment in other sectors of the economy and reduced incomes by distorting production and consumption.

Transfers from consumers and taxpayers since 1973 had been on average equivalent to about 2.3 per cent of the Community's gross domestic product, representing about Ecu 860 a year per family of four. Of the value added by EEC agriculture, about 60 per cent had been transfers from taxpayers and consumers.

* *Agricultural policies in the European Community — their origins, nature and effects on production and trade; A$25.95 from Bureau of Agricultural Economics, Canberra.*

Andrew Gowers reports on the futures industry meeting in Buergenstock

A bandwagon in danger from overloading

TAKE THE heads of virtually all the world's leading commodities, futures and options exchanges, put them in a cluster of hotels atop a Swiss mountain with a herd of brokers, bankers and media folk, and what do you get?

A high-powered discussion of financial markets, trading techniques and regulatory issues? A noisy and highly competitive bazaar? An endless round of cocktail parties?

The answer is a mixture of all three, known as the annual Buergenstock meeting of the Swiss Commodities and Futures Association.

Buergenstock is the name of a breathtakingly beautiful promontory overlooking Lake Lucern, and it has over the past five years become the location of the most prestigious annual get-together — in Europe, at least—of the growing international futures community.

Switzerland is seen as an ideal meeting-ground: it is neutral territory in both the political and the financial senses (there are as yet no futures or options exchanges within the country, though such a possibility is currently being studied), yet its status as a tax shelter and financial turntable has spawned a burgeoning futures industry.

Top-level representatives of almost every significant exchange were present last weekend at the sixth such meeting, ostensibly selling their latest wares to the investment community, but at least as importantly, one suspects, sizing each other up and picking up new ideas.

SWISS COMMODITIES AND FUTURES ASSOCIATION

Judging by their presentations, and the proliferation of so-called "new products" on offer around the world, the speed and scale of innovation in the futures markets is growing at a dizzying pace. And the barriers between different countries, time-zones and types of market are becoming less and less clearly-drawn.

The clearest impression of all was just how low the interest in futures trading in the traditional surplus-ridden physical commodities has sunk. Despite talk of a pulp contract in Montreal and diamond futures in London, the financials obviously remain all the rage.

And it is in the financial sector that the sheer ferocity of the competition is causing increasing concern—both within the U.S., where the financial futures revolution began, and beyond.

Rivalry between the U.S. exchanges—particularly between those in Chicago and Philadelphia—is as intense as ever, with new stock and currency option contracts in the limelight.

Increasingly, however, the smaller financial exchanges outside the U.S.—the Sydneys, Montreals, Londons, Amsterdams and Singapores of this world—are trying to pile on to the bandwagon. Fears were evident at the Buergenstock this year that this growth may simply be too fast for the industry's good.

They were first voiced by Mr Walter Auch, chairman of the Chicago Board Options Exchange, presumably with reference to the situation within the U.S. He warned that the exchanges may actually be harming themselves by indulging in such cut-throat competition and that ultimately this would be to the cost of the users of the markets.

More forthright still were some of the brokers' representatives present. To listen to some of them, you would have thought that the conference was taking place on the Titanic rather than in a Swiss luxury hotel.

One American participant delivered a blistering attack on the assembled exchange heads for apparently falling over each other to introduce new contracts or to compete by imitating each other.

This was having two effects: to dilute the marketplace in particular products, and to impose extra costs on the brokers having to handle them. As an example, he cited the European Currency Unit (ECU), contracts in which are planned on four exchanges despite the minuscule size of the existing ECU market.

A broker in the audience complained:

"It is very expensive for those of us on the selling side to gear up for a new product. Don't be surprised if there isn't a great deal of enthusiasm for some of these ideas."

Interestingly, Mr Robert Goldberg, chairman of the Chicago Board of Trade, still the world's largest futures exchange, did not dissent. But he said there was no obvious way to call a halt to the race.

"The competition among exchanges won't allow us to ignore new products," he said. "Ultimately, the marketplace is going to decide which exchange offers the best service at least cost . . . and the others will fall by the wayside."

The increasing internationalisation of markets is a complicating factor. The dominant U.S. exchanges are adopting two distinct strategies for this —either to move to extend their trading hours to overlap for longer with Far Eastern and European markets, as at the Chicago Board of Trade, or to develop link-ups with foreign exchanges, such as the Chicago Mercantile's connection with the new Singapore International Monetary Exchange.

Farmer's viewpoint: by John Cherrington

British sheep sector in double jeopardy

MY FIRST experience as a farmer was as a pupil to a grazier. As soon as grass began to grow in the spring I accompanied him to markets where he bought the animals he thought he needed to eat that grass as a profit. So did a great many other graziers and in consequence prices for this class of tock rose and extinguished all possibility of profit on sale. At least I perceived this and never followed my master's example.

Farmers on the whole are more hard headed now, but the seductive appearance of fields full of grass still has a powerful effect on their buying judgment. This autumn the grass prospects look excellent and as an added inducement the dairy quotas have reduced cow numbers. Farmers are desperate to replace the cows with other ruminants.

In particular the sheep trade is buoyant and prices at the opening sales have been at record levels. Lambs for further fattening and breeding ewes of all classes are very sought after. This is just as well as, according to the June return, sheep numbers are up again on the year and in addition, due to the poor grazing conditions earlier in the season, there seem to be plenty of store lambs about. For the uninitiated the term store applied to any growing animal means that it needs further feeding to make it fit for final sale.

But the UK sheep business is facing two serious hazards in the near future. One concerns the disposal of surplus ewes which have done with breeding, and the other will affect all sheep under 12 months hold which are sold to the butcher.

Take the ewes first. Unless the Government can persuade the EEC Council of Ministers to change its mind all British ewes, rams and very light lambs exported to the Continent in carcase form will have to suffer the clawback levy, which is equivalent to the variable premium paid by the lambs and sheep under one year old. In fact these other classes of sheep do not get the premium but are credited with it on export and then the clawback taken off.

The importance of this class of export is that it makes up 25 per cent of all British sheep meat sales to other EEC countries, about 9,000 tonnes, which mainly go to France. Should the clawback have to be borne without being cancelled out by the premium it could make for a substantial drop in returns for this class of sheep which would in the end have to be borne by farmers.

This change has been brought about by the French, who have long complained of the damage that imports of British sheepmeat have done to their own sheep farmers' economy. The French maintain that they should be able to enjoy the same premium arrangements as the British, and have put great pressure on their government to get some change in the regime. This proposal to deny the ewe mutton free entry is the first step in the campaign. It would be bound to reduce UK returns from the old ewes and so increase the depreciation costs of the national flock.

The British Government and the National Farmers' Union have been lobbying hard to prevent this change of rules, but the auguries at the moment are that in this case the French influence will have the last word. Whether this will satisfy them is another matter. French farmers are still bitterly aggrieved by the way the regime has worked and are believed to be insisting on further restrictions on the UK's imports from New Zealand, possibly by means of a minimum import price. This is also supported by British farmers.

The Meat and Livestock Commission, which handles the grading standards qualifying for the premium also proposes to bring in January new standards which could cause serious problems for many farmers. At present the conformation standards on which the graders work include five main grades. Grade five is classified as overfat and the carcase does not qualify for the premium. There is also a grade 4 which in some cases does not either.

The new standards could mean loss of premium not only for many of the lambs which have been bought for further feeding this autumn but also for those sold next summer. The amount of fat cover put on by a lamb depends not only on its breeding but on the amount of milk given by the ewe and the weather at the time of growing. Plenty of sun helps them to thrive, but a sunless summer such as this one has been keeping them thin, often too thin to gain the premium.

This sheepmeat premium is most important to the farmer. It represents about 30 per cent of total returns on average of the sheep sold and if the new grading standards were applied rigorously many flock masters could face serious losses.

Controlling the amount of fat on a sheep's carcase is an imperfectly understood science. In many cases it is tied in with flesh and muscle formation and regrettably most of the rams used these days tend towards fat formation, especially if the lambs are from heavy milking ewes. It will be some time before sheep farmers are able to eliminate the excess fat cover of their product in the way in which pig farmers have succeeded in doing over the last 50 years.

The EEC's beef management committee is holding a special meeting in Brussels tomorrow to discuss additional support measures for the depressed beef market.

There is speculation that the European Commission may reluctantly propose a campaign of full-carcase intervention buying as it did last year, though officials declined to comment on this yesterday.

The Commission has been under high-level pressure from France and Ireland in recent days to mount such a campaign, but has resisted thus far because of the cost and the high level of beef stocks already in Community cold stores.

The U.S. markets were closed yesterday for the Labor Day holiday

LONDON MARKETS

UPWARD PRESSURE on gold and platinum prices, resulting from the start of a miners strike in South Africa and worsening fears about the political and economic situation there, were largely counteracted yesterday by the bearish effect of a strengthening in the value of the U.S. dollar against other currencies.

The London gold price finished $1.25 higher at $334.75 a troy ounce while platinum gained $2.25 at $337.24.

Prices on London's soft commodity markets generally finished little changed. Coffee prices moved lower early on, reflecting speculative selling, but regained losses later as sterling weakened. The November futures quotation closed £1 higher at £1,633 a tonne.

December ended £4 up at £1,734.50 a tonne after trading in a narrow range, and December sugar lost 30 cents to $131.50 a tonne.

LME prices supplied by Amalgamated Metal Trading

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	724.5-5.5	−3.0	726/726
3 months	750-.5	−2.5	754/747

Official closing (am): Cash 725.5-6.5 (723.4): three months 748.5-9 (745.5-6): settlement 726.5 (724). Final Kerb close: 751-2. Turnover: 17,375 tonnes.

COPPER

LEAD

NICKEL

ZINC

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

TIN

GOLD

SILVER

INDICES

FINANCIAL TIMES

Sept. 2	Aug. 30	M'th ago	Year ago
253.88	254.34	254.99	293.09

REUTERS

DOW JONES

FREIGHT FUTURES

GRAINS

SOYABEAN MEAL

SOYABEAN MEAL — The market opened 50p up in mixed trading, reports T. G. Roddick. Prices moved higher on weaker sterling to close on the highs.

OIL

SPOT PRICES

GAS OIL FUTURES

COCOA

COFFEE

SUGAR

RUBBER

COTTON

POTATOES

PIGMEAT

OTHER MARKETS

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB Cattle 95.93p per kg lw (+1.16). GB Sheep 148.27p per kg est d c w (+0.21). GB Pigs 80.48p per kg lw (+2.19).

SMITHFIELD — Pence per pound. Beef—Scotch killed sides 78.0-82.0; English forequarters 55.0-60.0; Ulster hindquarters 84.0-89.0. Veal—Dutch hinds and ends 137.0-142.0. Lamb—English small 68.0-72.0; medium 62.0-68.0; heavy 60.0-64.0; Scotch heavy 60.0-63.0. Imported: NewZealand PL 60.0-61.5, PX 60.0-61.0. Pork—English under 100 lb 47.5-56.0, 100-120 lb 51.0-54.0, 120-160 lb 46.5-49.5.

PARIS

SUGAR—(FFr per tonne): Oct 1400/1405, Dec 1385/1400, Mar 1410/1415, May 1445/1455, Aug 1490/1505, Oct 1540/1556.

COCOA—(FFr per 100 kg): Sept 2026/2033, Dec 2046/2052, Mar 2058/2074, May 2076 bid, July 2080 bid, Sept 2085 bid, Dec 2085 bid.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 607.0, 608.0, 607.0; Dec 610.0, 612.0, 612.0-610.0; Mar 617.0, 618.0, 620.0-617.0; May 627, 629.0, 630.0-629.0; July 631.0, 632.0, 632.0-631.0. Sales: 35.

ROTTERDAM

WHEAT—(U.S. $ per tonne): U.S. two red winter spot 130, Sept 127, Oct 130, Nov 132. U.S. northern spring 14 per cent protein Sept 152.50, Oct 154.50, Nov 155, Dec 159, U.S. northern spring 15 per cent protein Sept 170, Oct 167.50, Nov 170, Dec 173. U.S. three hard amber durum Sept 162, Oct 163, Nov 166.50, Nov 15/Dec 169, April/May 171, June 171. Canadian western red spring 13.5 per cent Sept 159, Oct 163, Nov 166.

MAIZE—(U S. $ per tonne): U.S. three yellow afloat 119, Sept 117, Oct 10.50, Oct/Dec 109, Jan/Mar 112, April/June 14. Argentine Plato Sept 125, Oct 125, Mar 108, April/June 108.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar quiet but firm

The dollar rose steadily on the foreign exchange market yesterday. The U.S. currency established itself in a new trading range above the previous peak of DM 2.79, after Friday's unexpected cut in the U.S. July trade deficit. Trading was quiet, with the U.S. closed for the long weekend for Labour Day. Attention is expected to focus on Friday's U.S. unemployment figures, which are forecast to be unchanged at 7.2 per cent for the seventh consecutive month, and providing further evidence of sluggish growth in the U.S. economy. On September 20 the flash estimate of U.S. third quarter gross national product growth will be published, and this may decide whether the dollar is to consolidate within the new range, or turn down and test new lower trading levels.

The dollar rose to DM 2.8355 from DM 2.8110; FFr 8.6450 from FFr 8.5850; and SwFr 2.3365 from SwFr 2.3080, but eased to Y238.50 from Y238.80.

On Bank of England figures the dollar's index rose to 138.4 from 137.5.

The rand traded nervously and erratically as a reflection on the political and economic problems in South Africa. After touching a peak of 46 U.S. cents the commercial rand finished on a wide spread of 42.44 cents, compared with the low of around 35 cents at the time of suspension of currency trading in Johannesburg last week.

STERLING — Trading range against the dollar in 1985 is 1.4920 to 1.0525. August average 1.3838. Exchange rate index fell to 82.3 from 82.7. It opened at 82.3 and was steady throughout, touching a peak of 82.5 at 11 am.

Sterling lost ground to the stronger dollar, but was steady to firm against other major currencies, supported by high London interest rates. The pound finished near the low of the day, falling 1.55 cents to $1.3770-1.3780, but was unchanged at DM 3.9150 and FFr 11.9525, while rising to SwFr 3.22 from SwFr 3.2150, but falling to Y329 from Y332.50. Next week's UK money supply figures are not expected to reinforce hopes of lower bank base rates and in tight conditions recent money market rates are beginning to justify a small rise in base rates.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.7425. August average 2.7936. Exchange rate index 125.6 against 118.6 six months ago.

The D-mark weakened against the dollar as a result of data on Friday showing a stronger than expected U.S. economy. The dollar was underpinned by a sharp drop in the U.S. July trade deficit and a slightly higher than anticipated rise of 0.4 per cent in leading indicators. This may have led to short covering of position ahead of the long holiday weekend in the U.S. The dollar was also supported by the unrest in South Africa, producing light selling pressure on German bank stocks in a nervous equity market. Euromarks were slightly firmer, showing gains of about 1/16 per cent, but domestic interest rates were easier, with call money fall back to 4.90 per cent from 5.25 per cent as month-end pressure eased. The Bundesbank did not intervene when the dollar was fixed at DM 2.8281 compared with DM 2.7818 on Friday. At the close the dollar was DM 2.8330, against DM2.7975. This was the highest finish for the U.S. currency since August 9.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu September 2	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	45.1609	+0.73	+0.88	±1.5425
Danish Krone	8.12857	8.08024	−0.47	−0.31	±1.6421
German D-mark	2.23840	2.23100	−0.33	−0.17	±1.1455
French Franc	6.86402	6.81316	−0.74	−0.58	±1.3654
Dutch Guilder	2.52208	2.50959	−0.50	−0.34	±1.5162
Irish Punt	0.724578	0.716548	−1.11	−0.95	±1.6673
Italian Lira	1520.60	1491.56	−1.91	−1.91	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

	Sept. 2	Prev. close
£ Spot	$1.3885-1.3895	$1.3880-1.3890
1 month	0.47-0.45 pm	0.44-0.43pm
3 months	1.25-1.21 pm	1.22-1.20pm
12 months	3.00-2.90 pm	3.05-2.97pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

Sept 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3765-1.3885	1.3770-1.3780	0.45-0.42c pm	3.79	1.20-1.15 pm	3.41
Canada	1.8814-1.9002	1.8925-1.8835	0.47-0.38c pm	2.69	1.17-1.03 pm	2.32
Nethlnd.	4.39-4.41	4.39½-4.40½	2¼-2c pm	5.97	6½-6¼ pm	5.74
Belgium	78.95-79.35	79.00-79.20	21-14c pm	2.65	46-33 pm	2.00
Denmark	14.17-14.21¼	14.17-14.18	4⅞-3ore pm	3.02	9⅞-8¼ pm	2.83
Ireland	1.2563-1.2602	1.2563-1.2573	0.27-0.11c pm	1.81	0.64-0.36 pm	1.59
W. Ger.	3.90½-3.92	3.91-3.92	2½-2¼pf pm	7.28	7.6¾ pm	6.99
Portugal	228½-235½	232¼-235¼	60-410c dis	−12.06	415-1450dis	−15.96
Spain	229-230	229½-230	0-70c dis	−1.83	75-220 dis	−2.57
Italy	2,610½-2,625½	2,612½-2,613½	2 pm-4lire dis	−0.46	5-12 dis	−1.30
Norway	11.46¾-11.51½	11.46½-11.47½	0-⅞ore dis	−0.46	1⅞-2⅝ dis	−0.78
France	11.91½-11.97¾	11.94¼-11.95¼	2⅛-1⅞c pm	1.82	3¼-1⅞ pm	0.82
Sweden	11.55½-11.60	11.55½-11.56½	2⅝-3¼ore dis	−3.05	8⅞-9⅞ dis	−3.11
Japan	329½-330¼	329½-329½	1.50-1.40y pm	5.29	4.35-4.15 pm	5.17
Austria	27.45-27.55	27.49-27.54	15¾-14gro pm	6.38	43-37½ pm	5.95
Switz.	3.21-3.22¾	3.21½-3.22½	2⅞-1⅞c pm	7.45	5⅞-5¼ pm	6.75

Belgian rate is for convertible francs. Financial franc 79.60-79.70. Six-month forward dollar 1.95-1.90c pm. 12-month 3.00-2.85c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Sept 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3765-1.3885	1.3770-1.3780	0.45-0.42c pm	3.79	1.20-1.15 pm	3.41
Ireland†	1.0965-1.1045	1.0966-1.0980	0.23-0.13c pm	1.96	0.60-0.40 pm	1.82
Canada	1.3680-1.3728	1.3680-1.3695	0.11-0.14c dis	−1.10	0.35-0.40dis	−1.10
Nethlnd.	3.1700-3.1930	3.1880-3.1890	0.60-0.58c pm	2.29	1.85-1.82 pm	2.34
Belgium	57.05-57.45	57.25-57.35	5-7c dis	−1.26	20-23 dis	−1.51
Denmark	10.22-10.34½	10.30¾-10.31¼	0-½ore dis	−0.29	¾-1¼ dis	−0.39
W. Ger.	2.8180-2.8390	2.8350-2.8360	0.85-0.80pf pm	3.50	2.54-2.49 pm	3.56
Portugal	168½-170½	168½-169½	100-350c dis	−15.91	450-100dis	−18.44
Spain	165.45-166.40	165.95-166.10	85-120c dis	−6.69	225-325 dis	−6.63
Italy	1,889½-1,895¼	1,893¼-1,894¼	6-7½lire dis	−4.28	22-23½ dis	−4.80
Norway	8.28½-8.32	8.31-8.31½	2½-3ore dis	−3.87	8¾-9¼ dis	−4.34
France	8.60½-8.66¾	8.64½-8.64¾	1.27-1.42c dis	−1.87	5.40-5.90dis	−2.62
Sweden	8.35-8.39	8.37¾-8.38¼	4½-5ore dis	−6.81	13½-14 dis	−6.57
Japan	238.10-238.85	238.45-238.55	0.33-0.29y pm	1.56	1.08-1.03 pm	1.77
Austria	19.80½-19.94½	19.88-19.91	4½-4gro pm	2.64	14-11½ pm	2.57
Switz.	2.3165-2.3380	2.3360-2.3370	0.71-0.65c pm	3.51	2.00-1.94 pm	3.39

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

OTHER CURRENCIES

Sept 2	£	$		£ Note Rates
Argentina Austl.	1.1044-1.1066	0.8000-0.8010	Austria	27.35-27.65
Australia Dollar	1.9880-1.9930	1.4355-1.4369	Belgium	79.40-80.20
Brazil Cruzeiro	9,632 9,657	6,970-6,980	Denmark	14.12-14.26
Finland Markka	8.2710-8.2908	5.9850-5.9950	France	11.89-11.99
Greek Drachma	184.07-188.20	132.90-135.69	Germany	3.89-3.93
Hongkong Dollar	10.7800-10.7950	7.8126-7.8146	Italy	2590-2625
Iran Rial	126.00	89.25*	Japan	330-334
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* Selling rate.

CURRENCY MOVEMENTS

Sept. 2	Bank of England Index	Morgan Guaranty Change %
Sterling	82.3	N/A
U.S. dollar	138.4	"
Canadian dollar	85.7	"
Austrian schilling	116.1	"
Belgian franc	90.8	"
Danish Kroner	79.5	"
Deutsche mark	125.6	"
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Sept. 2	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	N/A	0.569152
U.S.$	7½	N/A	0.788561
Canadian $	9.20	•	1.08053
Austria Sch.	4	N/A	15.6687
Belgian Fr.	10	N/A	45.1609
Danish Kr.	7	N/A	8.09024
D mark	4	N/A	2.23100
Guilder	5	N/A	2.50959
French Fr.	9½	N/A	6.81316
[illegible]	[illegible]	[illegible]	[illegible]

*CS/SDR rate for August 30: 1.41420.

EXCHANGE CROSS RATES

Sept. 2	Pound St'ling	U.S. Dollar	Deutschemark	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.378	3.915	329.0	11.95	3.220	4.400	2613.	1.893	79.10
U.S. Dollar	0.726	1.	2.842	238.8	8.677	2.338	3.194	1897	1.374	57.42
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES (Market closing rates)

Sept. 2	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days' notice	11⅞-12⅛	7⅝-8⅛	8½-8¾	5¾-5⅞	2½-3	4⅛-4⅛	9⅝-9¾	10½-12½	8¾-9	8½-8¾	6⅛-6⅛	8½-9¼
Month	11⅞-12⅛	8-8⅛	8¾-8⅞	5¾-5⅞	4½-4⅝	4⅛-4⅛	9⅛-9⅛	11½-12½	9-9⅜	8⅞-9⅛	6⅛-6⅛	8¾-9¼
Three months	11⅝-11¾	8⅛-8¼	9-9¼	5⅛-5⅛	4⅛-4⅛	4¾-4⅞	10⅝-10¾	12¼-13	9⅝-9⅞	9⅛-9¼	6⅛-6⅛	8⅝-9¼
Six months	11⅛-11⅛	8¼-8½	9⅛-9⅛	5⅛-5⅛	4¼-4⅞	4¾-4⅞	11⅛-11½	12¾-13½	9⅞-10⅛	9½-9¾	6⅛-6⅜	8½-9
One year	11⅛-11¼	8⅝-8¾	9⅝-9⅞	5⅛-5⅛	4⅛-4⅛	4⅛-4⅛	11⅝-11⅞	13½-14	10-10¼	9⅝-9⅞	6⅛-6⅜	9-9½

Asian $ (closing rates in Singapore): Short-term 7⅞-8 per cent; seven days 7⅞-8⅛ per cent; one month 8-8⅛ per cent; three months 8⅛-8⅛ per cent; six months 8⅛-8⅜ per cent; one year 8⅛-8⅛ per cent. Long-term Eurodollars: two years 9½-9⅝ per cent; three years 10-10⅛ per cent; four years 10⅛-10½ per cent; five years 10½-10⅝ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

UK rates continue to rise

Interest rates were generally firmer in London yesterday. Trading was rather quiet with the closure of U.S. centres but sterling's weaker trend tended to push period rates firmer. Short term funds were a little easier to come by but only after the authorities had provided more assistance than the published forecast, the help including a repurchase agreement. Three-month interbank money rose to 11¾-11⅞ per cent from 11⅝-11¹¹⁄₁₆ per cent while three-month eligible bank bills were bid at 11¹⁹⁄₃₂ per cent, unchanged from Friday. Overnight interbank money started at 12-12¼ per cent and rose to 12⅝ per cent before slipping away to around 9 per cent. Some late demand pushed rates slightly firmer at the end.

The Bank of England forecast a shortage of around £900m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £658m and Exchequer transactions a further £615m. These were partly offset by a fall in the note circulation of £345m and banks' balances brought forward £15m above target.

The forecast was revised to a shortage of around £1,000m and the Bank gave assistance in the morning of £367m. This comprised purchases of £320m of eligible bank bills in band 2 (15-33 days) at 11⅛ per cent and in band 3 (34-63 days) £2m of Treasury bills and £31m of eligible bank bills all at 11½ per cent.

A further revision took the forecast to a shortage of around £1,050m, before taking into account the early help and the Bank provided additional assistance of £581m. This comprised purchases of £2m of local authority bills in band 1 (up to 14 days) at 11⅝ per cent and in band 2 £144m of eligible bank bills at 11⅛ per cent. In band 3 it bought £15m of Treasury bills, £14m of local authority bills and £29m of eligible bank bills all at 11½ per cent. In band 4 it bought £12m of eligible bank bills at 11⅛ per cent. It also arranged sale and repurchase agreements on £365m of bills at 11⅛-11⅛ per cent, for resale on September 30. Late assistance came to £155m, making a total of £1,103m.

UK clearing banks base lending rate 11½ per cent since July 30.

MONEY RATES

Sept. 2	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	4.8-5.0	9⅛	1⅝-1⅞	5¾-5¹⁵⁄₁₆	6.28125	14⅛-14⅜	6.75	11¼-11½
One Month	4.55 4.70	9⅝-9¾	4⅛-4⅛	5¾-5¹⁵⁄₁₆	6.46875	13⅞-14¼	8⅞-9⅛	10⅝-10⅞
Two Months	4.55 4.70	9⅝-9¾	—	—	—	—	—	10½-10¾
Three Months	4.55-4.70	9¾-9½	4⅝-4¾	5¹¹⁄₁₆-5⅝	6.34375	14½-14½	9¼-9½	10⅝-10⅝
Six Months	4.55-4.70	9¾-9⅞	—	5⅛-5¾	—	—	9½-9¾	10¼-10½
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	9⅝	—	—	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Sept. 2 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	8½-12⅝	12½-12⅞	10-12¼	8½-12	—	—	—	—	—
2 days notice	—	—	11⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11⅞-12¼	11⅞	12¼-12⅜	11⅞-12	—	—	—	—	—
One month	11⅞-11⅞	11⅞ 12	11⅞	[illegible]	11½	11⅛	11⅛	11¹⁹⁄₃₂	11⅛	12⅛
Two months	11⅛-11⅞	11¾-11⅞	11¾	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11⅞
Three months	11⅝-11⅝	11⅝-11¾	11⅝	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11⅝
Six months	11⅛-10⅞	11¼-11⅞	11¼	[illegible]	[illegible]	—	—	—	—	11⅛
Nine months	10⅞ 10¾	11⅛ 11⅛	11⅛	[illegible]	[illegible]	—	—	—	—	—
One year	10⅞-10⅞	11⅛-11¼	11⅛	[illegible]	[illegible]	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	12¼ 12	—	11⅞	7.[illegible]	[illegible]	[illegible]
Two months	12⅛-11⅞	—	11⅞	7.[illegible]	[illegible]	[illegible]
Three months	12-11⅞	—	11⅞	7.9[illegible]	[illegible]	[illegible]
Six months	11⅝-11⅝	—	11⅝	8.[illegible]	[illegible]	[illegible]
Nine months	11½-11⅜	—	11¼	8.2[illegible]	[illegible]	[illegible]
One year	11⅜-11¼	—	11⅛	8.[illegible]	[illegible]	[illegible]
Two years	—	10⅞	—			
Three years	—	10⅞	—			
Four years	—	10⅞	—			
Five years	—	10⅞	—			

ECGD Fixed Finance IV: Average rate of interest period July 3 to August 6 (inclusive): 11.989 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 12 per cent from September 1 1985. London and Scottish Clearing Bank Rates for lending 11½ per cent. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent. Certificates of Tax Deposits (Series 6): tender rate of discount 11.0009 per cent. Deposits £100,000 and over held under one month 11½ per cent; one-three months 11¼ per cent; three-six months 11¼ per cent; six-nine months 11 per cent; nine-12 months 11 per cent. Under £100,000 10½ per cent from [illegible]. Deposits held under Series 5 11 per cent. The rate for all deposits withdrawn for cash 7½ per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	9½
Broker loan rate	[illegible]
Fed funds	[illegible]
Fed funds at intervention	[illegible]

Treasury Bills

One-month	[illegible]
Two-month	[illegible]
Three-month	[illegible]
Six-month	[illegible]
One-year	[illegible]

Treasury Bonds

Two-year	[illegible]
Three-year	[illegible]
Four-year	[illegible]
Five-year	[illegible]
Seven-year	[illegible]
10-year	[illegible]
30-year	[illegible]

FT LONDON INTERBANK FIXING

(11.00 a.m. Sept. 2)

3 months U.S. dollars

bid 8 1/8 offer 8 1/4

6 months U.S. dollars

bid 8 5/16 offer 8 7/16

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Short £ weak

Sterling based instruments were lower in the London International Financial Futures Exchange yesterday, reflecting a firmer cash market and a weaker pound. Trading was rather lacklustre overall with the closure of Chicago tending to reduce volume considerably. Short sterling prices tended to finish above the day's lows on late short covering so that the December contract finished at 89.36, up from a low of 89.34

Gilt prices followed much the same pattern with the December price touching a low of 112-01 from an opening of 112-11 before finishing at 112-04, still down from 112-16 on Friday.

Eurodollar values traded with a very narrow range all day and finished weaker compared with Friday partly in reaction to a firmer cash market late last week. The December contract claimed a support level of 91.48 but values only touched a low of 91.50 before finishing at 91.51 compared with an opening level of 91.53 and a close on Friday of 91.58.

The prospects of an early reduction in U.S. interest rates took a slight knock after encouraging trade figures released on Friday. However the market has little else to feed on in the way of economic statistics at the moment with the third quarter flash estimate on U.S. GNP still three weeks away.

Rates in the table below for London are September 2 and those for Chicago August 30.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Sept	91.83	91.86	91.81	91.90
Dec	91.51	91.53	91.50	91.58
March	91.13	91.14	91.12	91.20
June	90.73	90.76	90.74	90.80

Estimated volume 1,647 (4,291)
Previous day's open int 19,688 (19,403)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
Sept	88.35	88.40	88.30	88.46
Dec	89.36	89.42	89.34	89.44
March	89.66	89.69	89.67	89.75
June	89.61	89.65	89.62	89.73
Sept	89.66	89.65	89.65	89.69

Estimated volume 1,048 (863)
Previous day's open int 7,567 (7,588)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
Sept	111-28	112-02	111-25	112-04
Dec	112-04	112-13	112-01	112-16
March	112-20	—	—	113-00

Estimated volume 1,206 (1,824)
Previous day's open int 3,498 (3,593)

Basis quote (clean cash price of 13¼% Treasury 2004-08 less equivalent price of near futures contract −2 to 6 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept	1.3800	1.3850	1.3800	1.3956
Dec	1.3690	1.3728	1.3680	1.3835
March	1.3610	1.3655	1.3656	1.3765

Estimated volume 44 (40)
Previous day's open int 3,488 (3,474)

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
Sept	0.3528	0.3543	0.3528	0.3563
Dec	0.3562	0.3583	0.3562	0.3596

Estimated volume 98 (140)
Previous day's open int 246 (268)

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Sept	0.4290	0.4302	0.4290	0.4337
Dec	0.4332	0.4346	0.4343	0.4381

Estimated volume 43 (42)
Previous day's open int 206 (216)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Sept	0.4193	0.4196	0.4186	0.4191
Dec	0.4214	0.4219	0.4214	0.4211
March	0.4237	—	—	0.4233

Estimated volume 56 (37)
Previous day's open int 173 (175)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
Sept	133.70	133.85	133.30	133.30
Dec	134.25	134.50	134.00	133.85

Estimated volume 143 (247)
Previous day's open int 1,572 (1,559)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	77-09	77-10	77-02	77-12
Dec	76-06	76-07	76-03	76-10
March	75-06	—	—	75-10

Estimated volume 229 (3,667)
Previous day's open int 1,777 (1,897)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	77-04	77-27	77-01	78-01
Dec	76-01	76-25	75-29	77-00
March	75-00	75-23	74-30	76-00
June	74-02	74-26	73-31	75-02
Sept	73-06	73-23	73-04	74-06
Dec	72-12	72-28	72-12	73-12
March	71-20	71-28	71-20	72-20
June	70-30	71-16	70-28	71-30
Sept	—	—	—	—
Dec	69-23	—	—	70-22
March	69-06	—	—	70-05

U.S. TREASURY BILL (IMM)
$1m points of 100%

	Close	High	Low	Prev
Sept	92.96	93.04	92.95	93.07
Dec	92.63	92.79	92.62	92.82
March	92.28	92.43	92.28	92.47
June	91.93	92.07	91.93	92.11
Sept	91.61	91.65	91.61	91.79
Dec	91.32	91.43	91.32	91.50
March	91.06	—	91.06	91.23
June	90.79	—	90.79	90.97

CERT DEPOSIT (IMM)
$1m points of 100%

	Close	High	Low	Prev
Sept	92.19	92.27	92.18	92.33
Dec	91.85	91.97	91.83	92.06
March	91.43	—	—	91.64
June	91.03	91.11	91.11	91.24

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Close	High	Low	Prev
Sept	91.86	91.96	91.85	91.99
Dec	91.52	91.67	91.51	91.72
March	91.12	91.27	91.12	91.32
June	90.72	90.88	90.72	90.92
Sept	90.36	90.48	90.36	90.55
Dec	90.01	90.13	90.01	90.20
March	89.68	89.81	89.68	89.87
June	89.38	89.51	89.38	89.57

STERLING (IMM) $s per £

	Close	High	Low	Prev
Sept	1.3875	1.3985	1.3860	1.3985
Dec	1.3765	1.3890	1.3740	1.3875
March	1.3700	1.3805	1.3690	1.3805
June	1.3700	1.3700	1.3700	1.3755

GNMA (CBT)
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	76-16	76-26	76-01	77-02
Dec	75-22	76-04	75-08	76-12
March	74-28	—	—	75-18
June	74-06	—	—	74-28
Sept	73-20	—	—	74-10

Company Notices

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on September 2, 1985. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.0096
Algeria	Dinar	(A) 6.89
Andorra	French Franc	11.9525
	Spanish Peseta	229.80
Angola	Kwanza	41.8565
Antigua	E. Caribbean $	3.74
Argentina	Austral	1.1055
Australia	Australian $	1.9910
Austria	Schilling	27.055
Azores	Portuga'se Escudo	233.84
Bahamas	Ba. Dollar	1.3775
Bahrain	Dinar	0.5226
Balearic Isles	Spa Peseta	229.80
Bangladesh	Taka	39.34
Barbados	Barbados $	2.7866
Belgium	B. Franc	(cm) 79.20
		(fn) 79.70
Belize	B $	2.77
Benin	C.F.A. Franc	597.62
Bermuda	Bda $	1.3775
Bhutan	Ngultrum	16.48
Bolivia	Bolivian Peso	(o)103,912.5
Botswana	Pula	2.5200
Brazil	Cruzeiro‡‡	9,639.5
Brit. Virgin Isles	U.S. $	1.3775
Brunei	Brunei $	3.1225
Bulgaria	Lev	1.4148
Burkino Faso	C.F.A. Franc	597.62
Burma	Kyat	11.4514
Burundi	Burundi Franc	164.74
Cameroon	C.F.A. Franc	597.62
Canada	Canadian $	1.8954
Canary Islands	Spanish Peseta	229.80
Cape Verde Is	Cape V. Escudo	123.68
Cayman Islands	Cay. Is $	1.1568
Cent. Afr. Republic	C.F.A. Franc	597.62
Chad	C.F.A. Franc	597.62
Chile	Chilean Peso	239.96
China	Renminbi Yuan	4.0639
Columbia	Col. Peso	(F)208.75
Comoro Islands	C.F.A. Franc	597.62
Congo (Brazaville)	C.F.A. Franc	597.62
Costa Rica	Colon	(U) 71.35
Cuba	Cuban Peso	1.2900
Cyprus	Cyprus £	0.8095
Czechoslovakia	Koruna	(com) 9.25
		n/c 16.10
		15.66
Denmark	Danish Kroner	14.1750
Djibouti	Djibouti Franc	235.0
Dominica	E. Caribbean $	3.74
Dominican Repub.	Dominican Peso	(O) 1.3775
		4.11
Ecuador	Sucre	(O) 92.7690
		(F) 155.36
Egypt	Egyptian £	1.1500
		1.5625
El Salvador	Colon	(O) 3.5045
		(F) 5.5930
Equatorial Guinea	Ekuele	597.62
Ethiopia	Ethopian Birr	2.8400
Falkland Islands	Falkland Is £	1.0
Faroe Islands	Danish Kroner	14.1750
Fiji Islands	Fiji $	1.5669
Finland	Markka	8.2809
France	French Franc	11.9525
French C'ty in Af	C.F.A. Franc	597.62
French Guiana	Local Franc	11.9525
French Pacific Is.	C.F.P. Franc	210.0
Gabon	C.F.A. Franc	597.62
Gambia	Dalasi	5.00
Germany (East)	Ostmark	3.9150
Germany (West)	Deutsche Mark	3.9150
Ghana	Cedi	78.9165
Gibraltar	Gibraltar £	1.0
Greece	Drachma	195.13
Greenland	Danish Kroner	14.1750
Grenada	E. Caribbean $	3.74
Guadaloupe	Local Franc	11.9525
Guam	U.S. $	1.3775
Guatemala	Quetzal	1.3775
Guinea	Syli	33.02
Guinea-Bissau	Peso	204.11
Guyana	Guyanese $	5.8145
[illegible]	[illegible]	[illegible]
Peru	Sol	exc(A)18,512.5
Philippines	Philippine Peso	24.67
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.5557
Poland	Zloty	213.02
Portugal	PortugueseEscudo	233.84
Puerto Rico	U.S. $	1.3775
[illegible]	[illegible]	[illegible]

$ Rate is the transfer market (controlled). ‡‡ Now one official rate. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for public sector debt and essential imports. (5) Preferential rate. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate. (8) Rate for remittances of foreign currency by Egyptians working abroad. (9) Banknote rates. (10) Rate for exports. (12) Rate for imports. (13) Essential imports. (14) Nearly all business transactions. (15) Argentina: June 15, new currency introduced: 1 austral =1,000 old pesos.

LONDON SHARE SERVICE

BRITISH FUNDS

1985 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101	99	Exch 12¼pc 1985	100	..	12.25	11.61
101	99	Exch. 11½pc '86	100¼		11.72	11.10
99½	97	Treas. 10pcCnv 1986	99		10.08	11.12
95	92¼	Treas 3pc 1986	95		3.14	9.49
100	97½	Exch. 10½pc Cv '86	99		10.53	10.95
101⅞	99¼	Treas 12pc 1986	100¼		11.90	10.86
98	94¼	Treas 8¼pc 1984-86‡‡	98		8.64	10.56
105	102	Exch. 14pc 1986	103	..	13.54	10.72
94	87¼	Exch. 2½pc 1986	94¼		2.65	7.50
104	101¼	Exch. 13¼pc 1987	103		12.84	10.63
99	96¾	Treas 10¼pcCv '87	99½		10.30	10.59
92	85½	Exch 2½pc 1987	92¼		2.69	7.78
99	96¼	Exch. 10½pc 1987	99xd	+⅛	10.51	10.63
94	89	Funding 6½pc '85-87‡‡	94¼		6.89	10.32
99	95½	Treas. 10pc 1987	98		10.11	10.63
90	84¼	Treas 3pc 1987	90	+⅛	3.30	8.42
102	99¾	Treas. 12pc 1987	102¼		11.73	10.75
95	90¼	Treas 7¾pc 1985-88‡‡	94⅞		8.16	10.18
99	95½	Exch 10½pc '88	99	−⅛	10.55	10.64
97	93¼	Treas 9½pc Cv '88	97	−⅛	9.97	10.70
86½	80	Transport 3pc '78-88	86		3.49	8.66
96	91½	Treas. 9½pc '88	96		9.83	10.75

AMERICANS—Cont.

1985 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
22⅞	16¼	Amer Medical Int $1	17½xd	+¼	72c	—	3.0
20⅞	14⅝	American T & T $1	15⅞	+¼	$1.20	—	5.6
79½	62⅞	Ameritech $1	65¼	+½	$6.00	—	6.6
25	16	Amtrak	19⅛	+¼	$1.44	—	5.4
47p	26½p	♥AndTech	26½p		—	—	—
18½	10¼	BankAmerica $1.5	11⅛	+¼	80c	—	5.2
60½	46⅝	Bankers N.Y. $10	46⅞xd	..	$2.70	—	4.1
12⅞	600p	BASIX Corp	650p	+15	12c	—	1.3
80¼	61½	Bell Atlantic $1	65¼	+⅞	$6.80	—	7.4
34¼	28	BellSouth $1	29	+¼	$2.60	—	6.5
19¼	11⅞	♥Beth Steel $8	12½	+⅛	40c	—	2.3
24	16⅛	Bowater Inc.	16⅝xd		72c	—	3.1
40½	31¼	Brown'g-Fer. 16⅔c	38⅛	+¼	$1.08	—	2.0
37⅞	25	Brunswick Corpn.‖	25	..	$1.00	—	2.9
525p	200p	♥Business Computer	200p		—	—	—
39⅞	29⅛	CPC Intnl. 25c	31¼xd	+⅛	$2.20	—	5.0
25	18¾	CSX Corp U.S.$1.00	19⅛	+⅛	$1.04	—	3.9
19¼	13	CalFed Inc $1.00	14¼	−¼	32c	—	1.6
32⅞	25	Campbell Soup 30c	27	+¼	$5.00	—	13.3
31¼	24⅝	Caterpillar Tractor‖	26xd	..	50c	—	1.4
902p	551p	Cenergy Corp. 25c	677p	−3	4c	—	0.4
52¼	39½	Chase M'htn $12.5	39⅞xd	+⅛	$3.80	—	6.9
38¼	28	Chemical New York	28⅞	+⅛	$2.48	—	6.2
34½	22¼	Chesebrough-Pond's $1	24⅛xd	..	$1.92	—	5.7
32⅞	24⅝	Chrysler $6¼	26¼	+⅛	$1.00	—	2.7
42¼	32⅛	Citicorp $4	32⅛	−½	$2.26	—	5.0
10½	788p	CityFed Fin. Corp.	875p		40c	—	—
23½	18⅝	Colgate-P. $1	18⅞		$1.28	—	4.9
57⅞	42	Colt Inds. $1	44⅛	+1	$2.50	—	4.1
155p	40p	Cont Illinois Hldgs $1	54p		—	—	—
238p	100p	♥Corporate Data Scnce	184p	...	—	—	—
36⅛	26⅝	Crown Zell. $5	28⅛xd	+⅛	$1.00	—	2.5
44¼	11⅞	Cullinet Sftwr $0.1	12¼	..	—	—	—
506p	248p	Damson Oil 40c	298p	+20	—	—	—
29	17⅛	Dana Corp $1	18xd	+¼	$1.28	—	5.1
67	22⅛	Data General	28	+¼	—	—	—
77p	23p	♥Derma-Lock Medical	25p	.	—	—	—
67	52⅞	Dun & Bradstreet $1	54		$1.88	—	2.5
55½	37⅛	Eaton Corpn 50c	40⅛	+½	$1.20	—	2.1
46½	36⅛	♥Exxon$	38⅛	+1	$3.40	—	6.4
20¼	12⅛	FPL Group $0.01	27½xd	+¼	h$1.88	—	7.7
974p	436p	Fin. Corpn. Amer. 50c	451p	+13	h34c	—	5.4
23¼	16⅛	First Chicago $5	16⅝	−¼	$1.32	—	5.7
17⅞	11⅛	Fluor Corpn. 62½c	11⅞		40c	—	2.4

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

BEERS, WINES & SPIRITS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

CANADIANS

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

FOREIGN BONDS & RAILS

AMERICANS

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
48	28	✠Monmet Hldgs 10p	40					♦
390	202	Man Ship Can £1	365		5.5	3.5	2.7	19.2
104	70	Marley	84xd	+3½	3.75	2.2	6.4	10.2
107	52	Marling Ind 10p	99	−2	[illegible]			
74	36	Marshall L'ty A	74	+3	[illegible]			
77	57	Marshall's Universal	57	1	2.0	1.4	5.2	(3.1)
86	78	Do 7½pcCnRedPf £1	82		7½%		13.1	
		For Martin Black see Dean Park Hotels in Recent Entries						
£99	£81	✠Mathesons 7½%	£99		07½%	2.3	17.9	
35	24	✠Maxiprint 1p	24	−2				
492	375	Metal Box £1	490	+10	17.25	3.1	5.0	7.4
170	139	Metal Closures	123	+2	6.7	2.0	7.8	7.7
17	3	✠Metal Scenton 2½p	7					
104	73	✠Midland Marts	95	+2	4.0	2.1	6.0	11.4
[illegible]	55½	Mitchell Cotts	56½	+½	4.0	1.5	10.1	8.1
230	182	Morgan Crucible	195	+2	8.0	1.6	5.9	13.5
[illegible]	22	✠Morris (W) F.A. 20p	28½	½	[illegible]	♦	2.5	♦
113	91	Moss (Robt.) 10p	113	+1	3.0	2.5	3.8	12.5
81	68	Mysom Grp 10p	68½	½	2.5	3.4	5.2	13.0
[illegible]	214	✠NMW Computers	270		[illegible]	2.7	2.5	20.8
43	28	Nash Inds.	30		[illegible]			6.9
38	18	Neil & Spencer 10p	18		♦			5.4
43	14½	Newmark Inds 10p	33					
[illegible]	26	Nolton	35		[illegible]	4.5	4.8	6.8
[illegible]	146	Norcros	185		8.6	2.2	6.6	9.2
[illegible]	50	Nu-Swift 5p	51		3.0	1.6	8.4	9.8
[illegible]	68	Oakwood Grp.	95	+2	[illegible]	1.4	6.8	34.0
[illegible]	150	Office & Elect	245		7.5	2.4	4.4	13.5
[illegible]	75	Oldacre 20p	77		4.0	2.6	7.4	6.8
[illegible]	37	✠Opanmetrics $0.01	52	+4	[illegible]		3.0	
[illegible]	312½	Oriflame £1	450		25.4	1.8	5.2	10.7
[illegible]	10	Ovenstone 12½c	10		[illegible]	1.9	9.6	5.5
£190	£158	Ozalid 9pc Cnv 87-92	£184	−1	09%		5.0	
[illegible]								

LEISURE—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
57	7	✠Entertain Prod 5p	16		[illegible]	2.1	20.1	2.8
78	50	Fortune Boats 10p	74		[illegible]	2.6	5.1	10.5
[illegible]	228	First Leisure £1	320		[illegible]	2.8	2.9	14.8
[illegible]	51	GRA Group 5p	57					76.1
[illegible]	25	Grampian TV A 10p	28	+1	[illegible]	♦	8.5	♦
153	117	HTV Non Vtg	153	+1	[illegible]	2.9	6.5	6.9
148	95	Horizon	107xd	+2½	[illegible]	3.6	5.9	4.8
184	90	Insight	144		[illegible]	6.5	2.5	8.9
138	102	Intasun 20p	138	+3	4.8	3.1	5.0	7.5
232	170	Juliana's Hldgs 2p	170	−2	2.0	1.8	1.5	28.0
300	217	LWT	300	+2	14.4	2.3	6.9	9.1
30	25	✠Leisure Inv 10p	30					5.3
65	55	Leisuretime Int 10p	56		[illegible]	3.9	5.4	6.0
		For Mogul Ag M see Chrysalis						
183	153	✠Media Tech Int 20p	183		[illegible]	3.9	2.0	20.1
200	124	Wedmostar 10p	178		[illegible]	2.6	3.9	12.0
280	175	✠Mtn World 10p	205xd	+1	3.6	4.1	2.5	14.0
127½	70	Nannnade Leisure	81		[illegible]	2.5	6.7	7.1
39	15	✠Mundo Int 20c	18					
24½	19½	✠Owners Abroad	23½		1.0	2.2	6.1	10.5
53	38	Photax (Lon.)	40					
24½	20	✠P'dilly Radio NV 5p	22	−½	1.87	1.1	12.2	10.9
90	30	✠Pineapple Dnc St 10p	39	−1	[illegible]	1.2	7.1	16.1
[illegible]	183	Pleasurama 5p	267xd	+1½	[illegible]	3.7	2.5	15.8
138	109	Do 7pcCvCmRedPf	138	+5	7%		7.2	
96	77½	✠Pres Entertain 50p	93		[illegible]	2.1	3.1	21.9
65	28	✠Radio City 'A' NV	30		[illegible]	0.9		6.0
55	42	✠Radio Light NV	45		3.25	2.0	10.3	6.6
63	34	Riley Leisure 10p	36	−2	0.7		2.8	
193	143	Saga Hols. 20p	185		4.0	2.1	3.1	19.6
300	108	Samuelson Grp 20p	285	−5	1.8	♦	0.9	♦
42	25	✠Sangers Photo 10p	31		2.0	1.9	9.2	8.1
202	138	✠Scantro 50p	168		[illegible]	2.6	3.1	16.3
[illegible]								

PROPERTY—Continued

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

FINANCE, LAND—Cont.

[illegible]

MINES—Continued

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]							
350	117	✠Centennial Min'ls.	180	−10			
120	60	✠Colby Res Corp.	65		—		
550	287	Cons. Murch. 10c.	325	+25	†Q100c	1.4	9.2
40	24	✠Ennex Int. Ir10p	26				
215	115	Hampton Areas 10p	147		3.75	0.9	3.4
260	135	✠Highwood Res.	190		—		—
£22½	£17¼	Homestake Mining $1	£19	+¼	Q20c		7.6
310	190	✠McFinley Red Lake	225		—		—
335	195	✠Musto Explorations	290	−5			—
55	29	✠New Sabina Res C$1	45				—
375	245	Northgate C$1	270	−5	—	—	—
685	533	RTZ	593	+5	20.0	2.7	4.8
£145½	£116½	Do. 9¼pcLn '95-2000	£130½	+½	Q9¼%	14.0	(7.5)
£14½	£10	✠Tara Explo $1	£10½	−½			

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ✠ Not officially UK listed; dealings permitted under Rule 535(4)(a)
- ✠ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities
- ‡‡ Dealt in under Rule 535(3)
- ● Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided
- ‖ No par value

B Fr Belgian Francs. Fr French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	96		Arnott	185	
Craig & Rose £1	700		CPI Hldgs	61xd	
Finlay Pkg. 5p	59		Carrol Inds.	143	−2
Higsons Brew	235		Dublin Gas.	73	
Holt (Jos) 25p	790		Hall (R & H)	58	
IoM Stm. £1	90		Heitog Hldgs	19	
IRISH			Irish Ropes	46	
Fund 11¼% 1988	£101¼		Jacob (W & R)	80½	+½
Nat 9¼% 84/89	£97½		Unidare	100xd	
Fin 13% 97/02	£109¾xd				

"Recent Issues" and "Rights" Page 30
(International Edition Page 30)

LONDON STOCK EXCHANGE

MARKET REPORT

RECENT ISSUES

Quiet start to new Account but tone remains firm as takeover speculation continues

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 29	Aug 8	Aug 9	Aug 19
Aug 12	Aug 29	Aug 30	Sept 9
Sept 2	Sept 12	Sept 13	Sept 23

* "New-time" dealings may take place from 9.30 am two business days earlier.

London equity markets were a little undecided as the new *Account got underway yesterday*. Nevertheless, movements in the blue chips were no worse than mixed and the underlying tone remained reasonably firm.

Warnings by the *CBI* and the Institute of Directors about the damaging effect of the strong pound on the UK's economic recovery appeared to dampen early investment *confidence after* the recent strong advance. However, continued takeover speculation in some *of* the equity leaders and light support for selected international stocks as sterling drifted lower against the dollar yesterday, kept the market on an even keel.

Illustrating the trend, the Financial Times Ordinary share index which recorded a loss of 2 points at the 10 am calculation gradually recovered to close only 0.4 off *on the day* at 1,013.5.

Argyll Group's statement regarding week-end Press speculation about an imminent bid for Distillers initially failed to quell enthusiasm for the *latter* which were again actively traded. Other leaders to reflect speculative activity included Lucas and Allied Lyons.

The announcement of a four-month freeze on loan repayments by South Africa unsettled Bank shares. Among the other sectors, *Oils traded on a much* quieter note after last week's flourish in response to British Petroleum's half-year figures.

Elsewhere, week-end Press mention met with a ready response, but overall, conditions were relatively quiet.

Trade in the Gilt-edged market remained at an extremely low level with quotations drifting lower in sympathy with an easier trend in sterling and a subsequent hardening of short-term interest rates. *Falls* in short-dated stocks ranged to ½ and occasionally more, while losses of ½ were fairly general throughout the longer maturities.

NatWest rise

South Africa's decision to *impose a four-month freeze on* all foreign debt repayments initially unnerved **Barclays** which slipped to 386p before rallying late to close only a couple of pence easier on the day at 392p. **Standard Chartered** were similarly affected and touched 438p before finishing 5½ *off* at *442p* xd. NatWest, meanwhile, benefited from some switching from Barclays, and ended with a rise on the session of 11 at 678p.

Fears of substantial claims arising from hurricane Elena's destruction of Florida's coastline, deterred interest in Composites. *Buyers also held off* ahead of tomorrow's interim statements from **GRE** and **Sun Alliance**; the former eased 5 to 735p as did the latter to 503p. **Royals** gave up 7 to 655p.

Fruit and vegetable importer **Jack L. Israel** staged a highly successful debut in the Unlisted Securities Market; the shares, placed at 20p, opened at 25p and moved up to 26p.

Distillers, a buoyant market throughout last week amid persistent speculation of an imminent bid, were marked up to a new high of 373p at the outset in anticipation of an announcement from **Argyll Group**, widely touted in the weekend Press as the most likely suitor. Argyll's statement, duly issued at 9.30 am, denied its intention to launch a bid "at the present *time" and Distillers eased to* close 8 off on balance at 352p. Argyll, up to 315p earlier, settled 4 off on balance at 305p xd.

Leading Buildings traded *quietly and showed little alteration*, but **Tarmac** firmed 4 to 356p on news of the sale of its Plascom oil and gas exploration subsidiary to Rio Tinto-Zinc for nearly £36m; **TR Energy**, which has sold its 4.24 per cent interest in Plascom to RTZ for £1.52m, gained 5 to 29p, after 31p. Elsewhere, **Alfred McAlpine** rose 6 to 270p on further consideration of its South African disposal, while **Sharpe and Fisher** hardened a couple of pence to 85p awaiting today's *half-timer*. **Walter Lawrence** attracted speculative buying and put on 17 to 97p following a Press suggestion that C. H. Beazer may be contemplating a bid, but **J. Jarvis** shed 15 to 285p after adverse comment.

ICI, a firm market on Friday *on the reappearance of institutional buyers*, edged up 10 more to 684p helped by currency influences.

Burton better

After a quiet start, business in leading Stores improved and *selected issues consequently displayed* double-figure gains. **Burton** highlighted, rising 12 to 480p, while **Habitat Mothercare** remained in favour with a rise of 10 at 456p. **Dixons** were another beneficiary of weekend comment and spurted 21 in a relatively narrow market to 823p. *Goodman Bros featured smaller-*priced counters, touching 19½ before settling a net 3 to the good at 18½p after a newsletter recommendation.

Thorn EMI—up 43 last week on bid speculation—improved to 425p following week-end Press comment highlighting takeover possibilities, but gradually drifted back on sporadic bouts of profit-taking to end the session 7 down on balance at 412p. **GEC** came on offer at 184p, down 6, while **BICC** cheapened a few pence to 218p ahead of tomorrow's interim results. Elsewhere in Electricals, **Micro Business Systems** *were outstanding* with a Press-inspired gain of 20 to 100p, while **Amstrad** reflected computer growth prospects at 112p, up 12.

Secondary issues provided several features in Engineerings. Adverse comment ahead of today's interim results left **Vosper** *12 down at 208p, while unfavourable* newspaper mention also prompted a fall of 10 to 126p in **Hall**. **IMI** reacted from an initial firm level of 112p to 105p before closing a couple of pence lower on balance at 106p following the disappointing interim figures. **Porter Chadburn** — up 48 last week *on bid speculation* — continued to respond to takeover chatter with a fresh improvement of 10 at 218p. Reflecting nationalisation compensation hopes, **Yarrow** added 20 to 500p, while **Benjamin Priest** hardened 1½ to 12½p in reply to an investment recommendation. News of Border and Southern Stockholder Trust's near 5 per cent stake in the company helped **ML Holdings** firm 10 to 315p xd. Speculative buying left **Ayrshire Metal** 3 dearer at 55p and **Burgess Products** 4 up at 146p. **TI** still on hopes of an Evered led consortium bid, hardened a couple of pence to 384p; **Evered** added 4 at 236p.

Rowntree Mackintosh highlighted leading Foods, rising 20 to 415p as takeover speculation revived. Among the second-liners, **Sompertex**, which jumped 24 on Friday following news that Messrs Nigel Wray and Clive Mattock were making an *offer* for the outstanding 48 per cent of the equity, gained 10 to 66p on "shell operation" hopes. Food Retailers performed well. **J. Sainsbury** firmed 4 to 338p and **Dee Corporation** 3 to 280p, while **Tesco** rose 5 to 260p, the last-named following a broker's recommendation. Elsewhere, buying ahead of the interim results due on September 15 lifted **Bernard Matthews** 8 to 418p.

BTR improve

BTR rose 6 to 366p as buyers began to show an increased interest ahead of the interim results scheduled for September 11. **Metal Box** responded to Press comment with a gain of 10 to 490p, while *improvements of 4* and 7 respectively were seen in **Pilkington**, 277p, and **Reed International**, 700p. **Beets** hardened a few pence to 203p and **Trafalgar House** found support at 382p, up 6. Elsewhere in miscellaneous industrials, **British Aerospace** succumbed to profit-taking in the *wake of the interim statement* and fell 11 to 367p with the new shares 10 lower at 188p. **Marley**, however, reflected stake build-up rumours and closed a further 4 dearer at 84p xd. **Macfarlane Group (Clansman)** rose 6 to 133p following the interim figures and **Cope Allman** improved the same amount to 193p in anticipation of tomorrow's preliminary results. Satisfactory trading news helped **Associated Steel** jump 7 to 178p, while revived speculative buying lifted **Bodycote** 11 to 142p.

Press suggestions of U.S. stake-building prior to a full-scale bid for the group prompted a lively two-way business in **Lucas**, finally 3 dearer at 343p, after 350p. **Jaguar** were also an active market and rose 9 to 286p, after 289p, on buying ahead of the interim results due on September 12. Elsewhere in Motors, **Armstrong Equipment** gained 2½ to 46p following a broker's circular.

Once again attention in Newspapers *focussed on the Fleet* Holdings/United Newspapers bid situation. **Fleet** touched 370p on hopes of an increased offer before reacting on profit-taking to close only a couple of pense dearer at 386p. **United** hardened 3 to 305p. Elsewhere, **Wace** gained 5 to 54p awaiting today's interim results.

Properties attracted selective buying interest. **Stock Conversion** rose 10 to 545p following favourable Press comment. Buyers also favoured **Marlborough**, 3½ up at 57½p and **Rush and Tompkins**, 5 firmer at 252p. **Ewart New Northern** rose 10 to 350p on news that the board are opposing Dalkeith's share split proposals.

Bats led the way in Tobaccos, rising 13 to 328p on a combination *of domestic and U.S.* support.

Majedie featured Financial Trusts with a gain of 10 to 150p on further consideration of the Board's recent application for investment trust status.

Oils quieter

The oil majors were unable to repeat Friday's sparkling performance in the absence of further buying interest. **British Petroleum**, a particularly firm counter last week following better-than-expected second-quarter figures, slipped to 570p xd prior to closing unchanged at 575p xd. **Lasmo** hardened a couple of pence to 292p awaiting today's interim figures. Elsewhere, **KCA Drilling** gained 4 to *39p in reply to the good half-*timer, while **Industrial Scotland Energy** firmed 5 to 125p following good first-half results and an encouraging statement.

Golds subdued

South Africa's moves to restrict the outflow of capital from the Republic—including a freeze on foreign loan repayments until the *end of the year and the* re-introduction of a two-tier exchange rate structure which last operated in early 1983—proved to be much as expected.

Continuing civil unrest and uncertain reports concerning the *effectiveness of the strike call by* the all-black National Union of *Mineworkers at selected* mines controlled by GFSA, Gencor and Anglovaal again combined to deter foreign operators. London and Continental centres adopted the same cautious attitude as Johannesburg, where dealings resumed after the government-imposed three-day halt. The absence of a lead from the U.S. — transatlantic markets were *closed for Labor Day—was an*other inhibiting factor and share prices eventually displayed scant alteration from pre-weekend levels. Reflecting this, the FT *Gold Mines index rose 1.0 to* 291.7.

Bullion traded in a similar vein, touching $335.45 at the *morning fix before settling $1.25* higher on balance at $334.75 an ounce.

Among lacklustre South African Financials, 'Amgold' hardened a couple of points to £51 in reply to the first-half results, but **Johnnies** gave up 1 at £49.

Australian mines also lacked a *decided trend. Leading diversi*fied issues usually showed modest rises, with the exception of **MIM**, a couple of pence off at 128p. **North Broken Hill** dipped a few pence more to 119p following a lively business in overnight Sydney and Melbourne markets on further consideration of the annual profits setback and proposed rights issue.

"Down-under" Golds, unsettled initially by speculation that South Africa would consider selling bullion reserves to cover international debts, staged a minor rally and closed with small gains for choice. Elsewhere, **Pancontinental** rose 3 to 105p on the annual profits recovery.

FINANCIAL TIMES STOCK INDICES

	Sept. 2	Aug. 30	Aug. 29	Aug. 28	Aug. 27	Aug. 23	year ago
Government Secs	83.37	83.54	83.62	83.58	83.60	83.70	79.84
Fixed Interest	88.37	88.57	88.60	88.60	88.59	88.81	82.93
Ordinary ♥	1013.5	1013.9	1003.9	991.3	990.1	991.4	865.1
Gold Mines	291.7	290.7	280.1	290.4	306.8	311.3	561.4
Ord. Div. Yield	4.64	4.61	4.67	4.75	4.75	4.76	4.81
Earnings, Yld. %(full)	11.42	11.42	11.56	11.75	11.76	11.77	11.28
P/E Ratio (net) (*)	10.85	10.85	10.71	10.54	10.55	10.52	10.66
Total bargains (Est.)	21,878	24,037	21,382	20546	20,266	21,823	19,544
Equity turnover £m.	—	475.93	458.98	500.64	246.96	328.04	132.34
Equity bargains	—	25,858	23,982	17,546	16,361	18,371	16,817
Shares traded (ml)	—	231.5	215.6	151.4	123.8	174.5	119.8

♥ 10 am 1011.9. 11 am 1011.9. Noon 1014.1. 1 pm 1013.8. 2 pm 1014.0. 3 pm 1014.3. 4 pm 1013.7.

Day's High 1014.5. Day's Low 1010.5.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=10.45.

HIGHS AND LOWS

	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.87 (30/7)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	88.81 (23/8)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	911.0 (25/7)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	280.1 (29/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Aug. 30	Aug. 29
Daily Gilt Edged Bargains	113.0	151.1
Equities Bargains	167.5	155.4
Equities Value	962.0	927.7
5 day Average Gilt Edged Bargains	121.0	125.5
Equities Bargains	134.7	127.3
Equities Value	731.5	668.4

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (94)

BRITISH FUNDS (3)
COM'WEALTH & AFRICAN LOANS (1)
AMERICANS (1)
BANKS (3)
BREWERS (5)
BUILDINGS (8)
CHEMICALS (3)
STORES (7)
ELECTRICALS (4)
ENGINEERING (3)
FOODS (6)
HOTELS (2)
INDUSTRIALS (18)
LEISURE (2)
MOTORS (3)
PAPER (5)
PROPERTY (4)
TEXTILES (2)
TRUSTS (17)
OILS (1)
MINES (2)

NEW LOWS (30)

BANKS (1)
Standard Chartered
CHEMICALS (1)
Leigh Interests
STORES (1)
Gelfer (A. & J.)
ELECTRICALS (1)
United Leasing
FOODS (1)
Chambers & Fargus
INDUSTRIALS (6)
Aeronite; Anglo-African Fin.; Elkem AS; Marshall's Universal; Maxiprint; Securicor A
MOTORS (1)
Bluemel Bros.
PAPER (3)
Bemrose; Good Relations; Olives Paper Mill
SHIPPING (1)
Mersey Dock Units
TEXTILES (2)
Shaw Carpets; Sumber (F.)
TRUSTS (3)
Baillie Gifford Jap.; GT Japan; Equity Fin. Sec Cnv. Uns. Ln 1995-2000
MINES (9)
Stilfontein; Ventersport; Anglo-Amer. Inv.; De Beers Defd.; Anglovaal; Geduld; Gencor; Johannesburg Cons.; Australis Mining

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Amstrad	112	+12
Armstrong Equipment	46	+ 2½
Distillers	352	− 8
Dixons Group	823	+21
Enterprise Oil	201	− 1
Fleet Holdings	386	+ 2
Jaguar	286	+ 9
Lawrence (W.)	97	+17
Lucas Industries	343	+ 3
ML Holdings	315xd	+10
Standard Chartered	442xd	− 5½
TR Energy	29	+ 5

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Friday's close	Day's change
Distillers	31	360	+ 9
ICI	28	674	+17
BP	24	587	+17
Sompertex	24	51	+24
Pentland Inds.	22	280	−10
Thorn EMI	21	419	+10
Fleet Holdings	20	364	+ 8
Good Relations	20	195	—
Br. Aerospace†	19	198	+13
British Telecom	17	207	+ 5
Pavion Intl.	17	63	+ 3
STC	17	88	− 2

† Partly paid.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Sept 2 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Fri Aug 30 Index No.	Thurs Aug 29 Index No.	Wed Aug 28 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (206)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.17	536.78	537.29	531.18	515.53
2	Building Materials (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.04	559.92	559.80	554.14	468.62
3	Contracting, Construction (29)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	18.82	833.86	831.13	826.71	680.05
4	Electricals (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	35.52	1476.22	1463.61	1441.91	1576.31
5	Electronics (38)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	29.85	1440.85	1460.16	1441.58	1835.51
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	369.19	−0.8	—	5.31	—	8.53	372.27	371.56	365.79	285.54
67	Insurance (Brokers) (7)	1160.56	−0.3	7.19	3.57	18.61	21.02	1164.27	1154.38	1147.05	867.34
68	Merchant Banks (11)	231.12	−1.4	—	4.82	—	5.85	234.34	233.78	233.94	215.60
69	Property (50)	660.97	—	5.45	3.65	23.77	10.88	661.82	661.65	668.31	602.95
70	Other Financial (25)	276.64	−0.3	10.25	5.97	12.00	9.62	277.61	275.80	273.68	246.18
71	Investment Trusts (106)	592.69	—	—	3.63	—	11.27	592.56	591.11	588.93	518.82
81	Mining Finance (3)	257.97	+0.2	12.58	5.94	9.22	5.36	257.41	255.94	258.49	283.04
91	Overseas Traders (14)	604.86	+0.1	12.40	6.58	9.66	23.86	603.96	602.25	599.95	572.55
99	ALL-SHARE INDEX (738)	646.82	+0.1	—	4.44	—	14.88	646.26	639.95	633.64	521.63

	Index No.	Day's Change	Day's High	Day's Low	Aug 30	Aug 29	Aug 28	Aug 27	Aug 23	Year ago
FT-SE 100 SHARE INDEX	1340.3	−0.5	1340.3	1335.1	1340.8	1323.9	1308.2	1310.8	1313.5	1105.3

FIXED INTEREST

	PRICE INDICES	Mon Sept 2	Day's change %	Fri Aug 30	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	119.56	−0.05	119.62	—	7.61
2	5-15 years	132.76	−0.25	133.08	0.05	9.34
3	Over 15 years	137.58	−0.24	138.12	0.21	9.42
4	Irredeemables	150.65	−0.09	151.14	0.35	8.90
5	All stocks	130.65	−0.17	130.91	0.04	8.81
6	Debentures & Loans	112.79	+0.24	112.98	0.42	7.33
7	Preference	79.88	+0.14	79.94	0.17	4.85
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	111.54	+0.03	111.51	—	2.41

	AVERAGE GROSS REDEMPTION YIELDS		Mon Sept 2	Fri Aug 30	Year ago (approx.)
	British Government				
1	Low	5 years	9.97	9.97	11.20
2	Coupons	15 years	10.18	10.14	10.68
3		25 years	10.19	10.15	10.23
4	Medium	5 years	10.76	10.71	11.90
5	Coupons	15 years	10.55	10.51	11.11
6		25 years	10.20	10.19	10.45
7	High	5 years	10.85	10.81	11.90
8	Coupons	15 years	10.70	10.66	11.28
9		25 years	10.33	10.31	10.55
10	Irredeemables†		9.80	9.79	10.17
11	Debs &	5 years	11.50	11.44	12.48
12	Loans	15 years	11.37	11.33	12.31
13		25 years	11.24	11.22	12.14
14	Preference†		12.29	12.27	13.21
15	Inflation rate	5%	3.55	3.55	3.79
16		10%	3.36	3.36	3.60

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −	Net Div.	Times covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
‖	F.P.	16/10	103	100	Macallan-Glen. 8¼ Cnv. Uns. Ln. 2005	103	......
90.705	£50	6/9	34½	29½	Malaysia 10⅝% Ln. 2009	32½	−⅛
—	F.P.	—	100⅛	99½	Nationwide 11⅛% Bds. 11/8/86	100	......
—	F.P.	—	100	99½	Do. 11¼% Bds. 1/9/86	99½	......
100	F.P.	—	113	108¼	Oldham Met. Borough 12.4% Rd. 2022	110	......
¶¶	F.P.	—	100	95	REA 9% Cum. Pref.	100	......
‖	Nil	—	1ppm	1ppm	Wintrust 5¾% Cnv. Cum. Pref.	1ppm	......

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −
90	F.P.	23/9	200	173	✠Applied Holographics 5p	195	......
180	F.P.	9/9	305	220	Bestwood 10p	305	+9
47	Nil	—	10pm	5pm	Brit. Vending 10p	10pm	......
25	F.P.	17/9	29½	28	Brown (J.) A	29	+1
5	F.P.	11/9	7½	5¼	Dares Est. B 5p	7½	+½
280	F.P.	13/9	347	305	Extel	347	+7
380	Nil	27/9	56pm	45pm	Forshaws Burtonwood	45pm	......
62	Nil	—	63pm	52pm	Greenwich Resources	52pm	−6
185	100	25/10	130	99	Hanson Trust	128	......
210	F.P.	4/9	715	595	Hazlewood Foods 20p	715	−5
25	F.P.	24/9	36	26	Nolton	35	......
230	Nil	—	45pm	2pm	Oceana Dev. Inv. Tst.	2pm	......
120	F.P.	30/8	145	125	Prestwich	128	−2
15	Nil	—	4pm	2pm	RTD Group IR 1.75p	2pm	......
400	F.P.	20/9	568	465	Siebe	560	......
495	F.P.	20/9	505	445	TACE 10p	475	......
250	F.P.	23/9	300	285	✠Thermal Scientific	295	−5

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. *r* Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ *Issued in connection with reorganisation merger or takeover.* ▇ Allotment letters or fully paid. ‖‖ Introduction. ✠ Unlisted Securities Market. § Placing price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug 19	Sept 6	Nov 21	Dec 2
Sept 9	Sept 20	Dec 5	Dec 16
Sept 23	Oct 4	Dec 19	Dec 30

For rate indications see end of Share Information Service

Stocks favoured for the call *included* **STC, Plessey, Polly Peck, BSG International, North Kalgurli, Hunting Associated, Brunswick, Moss Bros, Consolidated Gold Fields, Dufay Bitumastic, Martin Ford, Distillers, Riley Leisure, Pavion, Yelverton, Hartons, Bestwood** and **Relfe and Nolan**. No puts *were reported, but doubles were* transacted in **STC** and **Riley Leisure**.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$320	14	27	14	33.10	—	—	$335
GOLD C	$340	—	—	6	22	—	—	"
GOLD C	$360	9	7	3	14.90	12	19.90	"
GOLD P	$320	10	4.50	—	—	—	—	"
GOLD P	$340	3	11	—	—	10	17	"
		Sept.		Dec.		March		
SILVER P	$650	6	35	6	40	—	—	$625
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 35,091

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
B.P. (*575)	460	120	—	—	1	—	—
	500	80	95	103	3	6	10
	550	37	53	62	10	15	20
	600	10	23	30	37	40	45
Cons. Gold (*404)	390	38	50	62	16	[illegible]	[illegible]
	420	18	35	47	35	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
P. & O. (*401)	360	50	60	—	4	11	—
	390	25	37	43	12	18	22
	420	11	16	28	26	28	35
Racal	140	24	32	38	5	7	10
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

September 2 Total Contracts Unavailable
*Underlying security price

WORLD STOCK MARKETS

AUSTRIA

Sept. 2	Price Sch%	+ or —
Creditanstalt	368	+6
Goesser	510	−15
Interunfall	1,625	
Laenderbank	365	
Perlmooser	640	+18
Steyr-Daimler	174	+7
Veitscher Mag	564	−4

BELGIUM/LUXEMBOURG

Sept. 2	Price Frs.	+ or —
B.B.L.	2,030	+10
Banq. Gen Lux	7,050	
Banq. Int. A. Lux	6,800	
Bekaert B	6,210	−130
Ciment CBR	2,490	−5
Cockerill	205	−1
Delhaize	7,950	+40
EBES	2,980	
Electrobel	9,050	+50
Fabrique Nat	1,985	+10
GB Inno BM	3,790	+80
GBL (Brux)	1,920	+20
Gevaert	4,075	+15
Hoboken	5,460	+50
Intercom	2,260	+10
Kredietbank	9,100	
Pan Hldgs.	10,050	
Petrofina	6,110	+40
Royale Belge	12,750	
Soc. Gen. Banq	3,600	+5
Soc. Gen. Belge	1,790	
Sofina	7,580	+150
Solvay	5,050	+30
Stanwick Intl	1,500	
Traction El	4,000	−60
UCB	5,000	+10
Wagon Lits	5,405	−15

DENMARK

Sept. 2	Price Knr %	+ or —
Andelsbanken	324	−5
Baltic Skand	675	+10
CopHandelsbank	297	−5
D. Sukkerfab	505	−5
Danske Bank	345	−2
De Danske Luft.	1,365	+15
East Asiatic	260	−5
Forenede Brygg.	995	
Forenede Damp.	221	−2
GNT Hldg	505	+5
I.S.S.B.	550	
Jyske Bank	730	
Novo Ind s	1,295	+50
Privatbanken	307	−7
Provinsbanken	393	−4
Smidth (F.L) B	274	−3
Sophus Berend.	1,105	−10
Superfos	401	−1

FRANCE

Sept. 2	Price Frs.	+ or —
Emprunt 4½% 1975	1,601	−3
Emprunt 7% 1973	8,442	+2
Accor	351	+5
Air Liquide	583	+4
BIC	519	+9
Bongrain	1,740	−29
Bouygues	775	+6
BSN Gervais	2,150	+18
CIT-Alcatel	1,170	+10
Carrefour	2,365	+11
Club Mediter'n	518	−8
Cie Bancaire	634	
Cofimeg	288.5	
Damart	1,940	+20
Darty	1,435	
Dumez S.A.	834	−3
Eaux (Cie Gen)	643	
Elf-Aquitane	205	−1
Essilor	2,290	+10
Gen.Occidentale	730	+11
Imetal	90.2	−1.2
Lafarge Coppee	539	−5
L'Oreal	2,385	+25
Legrand	2,142	−17
Maisons Phenix	148	−7
Matra S.A.	1,724	+19
Michelin B.	1,209	−15
Midi (Cie)	3,175	+154
Moet-Hennessy	1,971	+70
Moulinex	80.05	−2.05
Nord Est	97.4	−1.2
Pernod Rica	694	+12
Perrier	500	−7
Petroles Fra	238.8	+0.4
Peugeot S.A.	409	+4.5
Printemps Au	290	+5
Radiotech	515	
Redoute	1,530	−19
Roussel-Uclaf	1,518	−12
Sefimeg	351	+3
Skis Rossignol	1,445	+25
Telemec Elect	2,640	
Thomson CSF	574	+1
Valeo	245	−1.8

GERMANY

Sept. 2	Price Dm.	+ or —
AEG-Telef	140.6	+0.4
Allianz Vers	1,398	−22
BASF	220	−3.8
Bayer	218.6	−3.1
Bayer-Hypo	365	−1
Bayer-Verein	386.5	−11
BHF-Bank	318	−3
BMW	476.5	+0.5
Brown Boveri	352	−0.5
Commerzbank	207.8	−1.2
Cont'l. Gummi	157	+0.7
Daimler-Benz	958.5	+0.5
Degussa	376	−9
D'sche Babcock	189	+2
Deutsche Bank	676	−4.7
Dresdner Bank	289	−3
GHH	187.5	+5.1
Hochtief	750	−46.5
Hoechst	213	−1
Hoesch Werke	124.8	−0.7
Holzmann (P)	482xd	−12
Horten	193	−1
Hussel	387	+9.5
Karstadt	261.5	−1.5
Kaufhof	293	−2.1
KHD	291	−3
Kloeckner	68.9	−0.1
Linde	535	+5
Lufthansa	250	
MAN	168	−1.5
Mannesmann	201.5	−0.4
Mercedes Hld	859	−1
Metallgesell	275	+2
Muench Rueck	1,920	+50
Nixdorf	540	−3.5
Porsche	1,334	−8
Preussag	281	−4
Rhein West Elect.	198	+8.5
Rosenthal	250	
Schering	475	+2
Siemens	549	−1.7
Thyssen	129	−0.5
Varta	243	−1.5
Veba	233	−2.2
V.E.W.	149.9	+1.4
Verein-West	335	−1
Volkswagen	334.1	−0.9

ITALY

Sept. 2	Price Lira	+ or —
Banco Com'le	23,600	−200
Bastogi-IRBS	255	
B.I-Invest	6,350	−55
Centrale	3,350	−35
Credito Varesino	4,565	−10
Fiat	4,199	−51
Finsider	—	—
Generali Assicur.	57,770	−320
Italcementi	45,200	−700
La Rinascente	848	−2
Montedison	2,250	−49
Olivetti	6,679	−20
Pirelli Co.	6,381	−139
Pirelli Spa	3,003	−32
Saipem	6,080	−40
Snia BPD	3,571	+131
Toro Assic	18,980	+110
do Pref	14,780	−160

NETHERLANDS

Sept. 2	Price Fls	+ or —
ACF Holding	242	−4
AEGON	100.2	+0.2
Ahold	243.6	+2.6
AKZO	126.3	+1.6
ABN	514.5xr	+1.5
AMEV	295.2	+2.7
AMRO	90.1	+0.8
Bredero Cert	174	+2
Bos Kalis Westm.	14.9	−3.3
Buehrmann-Tet.	104	+0.5
Calland Hldgs.	37.5	−0.7
Dordtsche Pet'm	185	+3
Elsevier NDU	131.5	
Fokker	82.2	+3.2
Gist Brocades	213	−1.5
Heineken	149.5	−0.3
Hoogovens	63.4	+0.5
Int Mueller	61	+1
KLM	62.2	+0.2
Naarden	48	−0.5
Nat Ned Cert	74.8	+1.1
Ned Mid Bank	216.5	−1
Nedlloyd	180	+0.3
Oce Grinten	340	+1.5
Ommeren (Van)	28.2	−0.1
Pakhoed	56.3	+0.6
Philips	49.8	+0.7
Robeco	76.7	+0.6
Rodamco	134.2	+0.4
Rolinco	70.1	+1
Rorento	46.2	−0.1
Royal Dutch	200.1	+2.4
Unilever	337.5	+25
VMF Stork	261.5	+16
VNU	224.9	−1.1
Wessanen	176.5	−0.3
West Utr Bank	98	−0.8

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

Sept. 2	Price Kroner	+ or —
Bergens Bank	143	−0.5
Borregaard	425	−5
Christiania Bank	159.5	+1
DenNorske Cred	145	
Elkem	119	−0.5
Kosmos	230	+4
Kvaerner	163	+1
Norsk Data	387	−12
Norsk Hydro	108.5	−1.5
Storebrand	268	+3

SPAIN

Sept. 2	Price Pta%	+ or —
Bco Bilbao	352	
Bco Central	315	
Bco Exterior	202	+1
Bco Hispano	143	−2
Bco Popular	332	
Bco Santander	348	−1
Bco. Vizcaya	442	
Dragados	135.2	−0.3
Hidrola	77.5	+0.5
Iberduero	94	+1.5
Petroleos	134.5	+1.8
Telefonica	115	

SWEDEN

Sept. 2	Price Kronor	+ or —
AGA	125	+4
Alfa-Laval B	192	+5
ASEA (Free)	293	
Astra (Free)	405	+5
Atlas Copco	115	+1
Cardo (Free)	250	
Cellulosa	130	+3
Electrolux B	282	+6
Ericsson B	233	−5
Esselte	370	+15
Mo och Domsjo	175	+2
Pharmacia	179	+3
Saab Scania Free	405	
Sandvik	425	
Skandia	355	−2
Skan Enskilda	55	+2
SKF	226	+7
St Kopparbergs	151	+1
Sonesson	148	+6
Sven Handlesbn	178	+3
Swedish Match	193	+2
Volvo B (Free)	240	+4

SWITZERLAND

Sept. 2	Price Frs.	+ or —
Adia Intl	4,025	+50
Alusuisse	812	
Bank Leu	3,840	
Brown Boveri	1,780	−15
Ciba Geigy	3,410	+15
do. (Part Certs)	2,600	
Credit Suisse	3,085	+10
Elektrowatt	3,455	+5
Fischer (Geo.)	965	−15
Hoff-Roche PtCts	97,300	−375
Hoff-Roche 1/10	9,700	
Jacobs Suchard	6,950	
Jelmoli	2,850	+50
Landis & Gyr	2,090	−30
Nestle	7,350	−25
Oer-Buehrle	1,640	
Pirelli	365	−7
Sandoz (Br)	8,725	
Sandoz (PtCts)	1,455	+5
Schindler (PtCts)	890	−10
Sika	1,570	−10
Surveillance A	5,575	+10
Swissair	1,465	−8
Swiss Bank	480	−2
Swiss Reinsce	13,800	
Swiss Volksbk	1,865	+20
Union Bank	4,380	+5
Winterthur	4,725	−35
Zurich Ins	5,700	−100

AUSTRALIA

Sept. 2	Price Aust $	+ or —
ANZ Group	4.7	−0.02
Alliance Oil Dev	1.05	
Ampol Pet	2.2	
Ashton	1.18	+0.03
Aust. Cons. Ind	2.86	−0.04
Aust. Guarantee	2.8	
Aust. Nat. Inds	2.6	−0.04
APM	2.77	+0.01
Bell Group	7.9	−0.06
Bell Res	7.2	
Bond Corp Hldgs	1.8	
Boral	3.52	+0.06
Bougainville	1.87	−0.05
Brambles Inds	3.65	
Bridge Oil	2.4	
B.H. Prop	7.08	+0.02
CRA	5.44	+0.04
CSR	2.9	+0.02
Castlemaine Tys	6.0	
Coles (G.J.)	4.05	+0.05
Comalco "A"	1.83	−0.02
Consolidated Pet	0.35	
Costain Aust	1.95	+0.05
Dunlop Olympic	2.36	−0.02
Elders IXL	3.12	−0.02
Energ Res	1.62	

AUSTRALIA (continued)

Sept. 2	Price Aust $	+ or —
Gen. Prop. Trust	2.25	
Hardie (James)	3.2	
Hartogen Energy	2.25	
Herald W'ytimes	4.85	
ICI Aust	2.1	−0.02
Jimberlana F.P.	0.28	
Kia Ora Gold	0.15	
Lend Lease	6.7	+0.1
MIM	2.56	−0.04
Mayne Nickless	3.0	
Myer Emporium	3.4	−0.02
Nat. Aust. Bank	4.64	+0.02
News	6.7	−0.1
Nicholas Kiwi	1.9	
North Bkn Hill	2.38	−0.12
Oakbridge	1.18	+0.05
Pancontinental	2.12	+0.07
Pioneer Conc	1.95	−0.05
Poseidon	4.6	+0.05
Queensland Coal	1.66	+0.01
Reckitt & Colman	3.78	
Repco	1.42	+0.04
Santos	5.54	
Smith (Howard)	5.7	−0.2
Thos. Natwide	2.17	+0.01
Tooth	5.6	−0.2
Vamgas	3.7	−0.05
Western Mining	3.92	−0.02
Westpac Bank	4.43	+0.01
Woodside Petrol	1.29	−0.01
Woolworths	2.25	−0.01
Wormald Intl	3.94	+0.02

HONG KONG

Sept. 2	Price H.K.$	+ or —
Bank East Asia	22.7	
Cheung Kong	18.0	−0.5
China Light	15.7	−0.2
Evergo	0.9	+0.02
Hang Seng Bank	45.0	−1
Henderson Land	2.22	−0.15
HK China Gas	9.9	−0.4
HK Electric	8.2	−0.1
HK Kowloon Wh.	6.75	−0.25
HK Land	6.25	−0.1
HK Shanghai BK.	7.55	−0.15
HK Telephone	8.65	−0.05
Hutchison Wpa	27.2	−1
Intnl. City	0.91	−0.02
Jardine Math	12.4	−0.5
New World Dev.	7.55	−0.15
Orient O'seas	1.99	
SHK Props	12.8	−0.4
Shell Elect	1.3	
Swire Pac A	25.4	−0.5
TV—B	6.7	−0.05
World Int. Hldgs.	2.1	−0.1

JAPAN

Sept. 2	Price Yen	+ or —
Ajinomoto	1,290	
Alps Electric	1,240	+10
Amada	760	−9
Asahi Chem	814	−1
Asahi Glass	790	
Bridgestone	647	+5
Canon	950	
Casio Comp	1,500	−20
Chugai Pharm	949	+21
Citizen	395	
Daiei	666	
Dai Nippon Ptg	1,080	+20
Daiwa House	830	+1
Ebara	482	+4
Eisai	1,390	−10
Fanuc	7,510	−250
Fuji Bank	1,610	+30
Fuji Film	1,920	−10
Fujisawa	891	−14
Fujitsu	876	+3
Green Cross	2,180	+60
Hasegawa	520	+5
Heiwa Real Est	792	+2
Hitachi	670	+3
Hitachi Credit	1,070	
Honda	1,370	
House Food	792	−10
Hoya	1,850	+10
Itoh (C)	449	−1
Ito. Yokado	2,750	−90
Iwatsu	780	−6
JACCS	540	−2
JAL	5,500	+40
Jusco	866	−9
Kajima	475	+2
Kao Soap	840	−25
Kashiyama	750	
Kirin	735	−10
Kokuyo	971	+16
Komatsu	581	+14
Konishiroku	675	+3
Kubota	398	
Kumagai	823	−6
Kyocera	3,740	+20
Maeda Const	870	−10
Makino Milling	862	
Makita	971	−1
Marubeni	405	−3
Marudai	738	+18
Marui	1,430	+10
MEI	1,410	+10
M'ta Elec Works	860	−1
M'bishi Bank	1,550	+10
M'bishi	565	+62
M'bishi Elect	342	+22
M'bishi Estate	955	—

JAPAN (continued)

Sept. 2	Price Yen	+ or —
MHI	405	+7
Mitsui	435	−5
Mitsui Estate	920	+3
Mitsukoshi	710	
NGK Insulators	832	+10
Nihon Cement	338	−11
Nippon Denso	1,210	−30
Nippon Elect	918	+2
Nippon Express	588	+1
Nippon Gakki	1,220	+50
Nippon Kokan	153	+1
Nippon Oil	832	−1
Nippon Seiko	455	−3
Nippon Shimpan	672	+1
Nippon Steel	177	+1
Nippon Suisan	419	−1
NTV	9,910	−10
Nippon Yusen	519	+4
Nissan Motor	630	+2
Nisshin Flour	612	+13
Nisshin Steel	174	
Nomura	1,250	−10
Olympus	920	−20
Orient Leasing	2,550	−100
Pioneer	1,730	
Renown	758	+1
Ricoh	830	+5
Sankyo	1,170	−40
Sanyo Elect	393	−2
Sapporo	545	−6
Sekisui Prefab	876	+4
Seven-Eleven	6,350	−150
Sharp	807	+2
Shimadzu	702	−3
Shionogi	789	−1
Shiseido	1,150	+20
Sony	3,550	−20
Stanley	692	+2
S'tomo Bank	1,820	+40
S'tomo Elect	705	+5
S'tomo Marine	709	−1
S'tomo Metal	157	+1
Taihei Dengyo	566	+6
Taisei Corp	350	
Taisho Pharm	1,250	−50
Takeda	935	−5
TDK	3,900	
Teijin	500	+3
Teikoku	645	
Tokio Marine	890	−15
TBS	857	+7
Tokyo Elect Pwr	2,140	−10
Tokyo Gas	238	−1
Tokyo Sanyo	634	−11
Tokyo Style	1,060	−20
Tokyu Corp	529	+4
Toppan Print	795	−5
Toray	546	−2
Toshiba Elect	340	+3
TOTO	880	−10
Toyo Seikan	1,290	−30
Toyota Motor	1,140	+10
Victor	1,350	−10
Wacoal	730	
Yamaha	655	−5
Yamanouchi	3,180	+20
Yamazaki	623	−4
Yasuda Fire	559	−1
Yokogawa Bdge.	680	−11

SINGAPORE

Sept. 2	Price $	+ or —
Boustead Hldgs	1.66	
Cold Storage	2.79	+0.1
DBS	4.8	+0.02
Genting	5.7	−0.05
Haw Par. Bros	2.1	+0.01
Hong Leong Fin	2.4	+0.04
Inchcape Bhd	2.18	+0.02
Keppel Shipyard	1.15	
Malay Banking	5.55	
Malay Utd. Ind	2.42	−0.01
Multi Purpose	0.87	
OCBC	8.10	+0.06
OUB	2.69	−0.01
Public Bank	1.89	
Sime Darby	1.81	+0.02
Singapore Press	5.6	+0.1
Straits Trdg.	5.05xc	
Tat Lee Bk	2.59	−0.01
UOB	3.34	−0.06

SOUTH AFRICA

Sept. 2	Price Rand	+ or —
Abercom	1.7	
AE&CI	7.60	−0.4
Allied Tech	62.5	
Anglo Am Coal	57	−2
Anglo Am Corp	30	−1.5
Anglo Am Gold	186	−7
Barclays Bank	17.9	+0.05
Barlow Rand	11.45	+0.05
Buffels	77.5	
CNA Gallo	2.5	
Currie Finance	4.00	
De Beers	11.45	−1.05
Driefontein	48.5	−3.5
FS Geduld	49	−1.25
Gold Fields SA	34	−2
Highveld Steel	5.4	
Nedbank	12.75	−0.25
OK Bazaars	12.25	
Protea Hldgs	2.35	
Rembrandt	41.75	−0.25
Rust Plat	17.6	−0.8
Safren	13.5	+0.25
Sage Hldgs	9.5	
SA Brews	7.5	−0.15
Smith (CG)	23	−0.25
Tongaat Hulett	6.6	+0.05
Unisec	5.05	

Indices

NEW YORK—DOW JONES

	Sept 2	Aug 30	Aug 29	Aug 28	Aug 27	Aug 26	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	closed	1,334.01	1,335.13	1,331.89	1,322.47	1,317.85	1358.54 (19/7)	1184.96 (4/1)	1359.54 (19/7/85)	41.22 (2/7/32)
Transport	closed	690.88	691.48	687.27	688.55	689.78	702.6 (17/7)	553.83 (4/1)	702.88 (17/7/85)	12.32 (8/7/32)
Utilities	closed	159.67	158.83	160.03	159.82	159.01	168.81 (12/7)	146.54 (4/1)	168.81 (12/7/85)	10.5 (28/4/42)
Trading vol		81.6m	85.6m	83.5m	82.1m	78.3m	–	–	–	–

	Aug 23	Aug 16	Aug 9	Year Ago (Approx)
Ind Div Yield %	4.66	4.68	4.65	4.76

STANDARD AND POORS

	Sept 2	Aug 30	Aug 29	Aug 28	Aug 27	Aug 26	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	closed	209.89	210.01	209.19	208.87	208.13	215.83 (19/7)	128.24 (4/1)	215.83 (19/7/85)	3.62 (30/6/32)
Composite	closed	188.63	188.82	188.83	188.10	187.31	195.65 (17/7)	163.68 (4/1)	195.65 (17/7/85)	4.40 (1/6/32)

	Aug 28	Aug 21	Aug 14	Year Ago (Approx)
Ind div yield %	3.72	3.72	3.75	3.81
Ind. P/E Ratio	11.88	11.8	11.78	11.83
Long Gov Bond Yield	10.38	10.39	10.63	12.84

N.Y.S.E. ALL COMMON

Sept 2	Aug 30	Aug 29	Aug 28	1985 High	1985 Low
closed	109.30	109.47	109.35	113.49 (17/7)	94.60 (4/1)

RISES AND FALLS

	Aug 30	Aug 29	Aug 28
Issues traded	1,959	1,956	1,955
Rises	754	780	842
Falls	701	659	665
Unchanged	504	517	508

TORONTO

	Sept 2	Aug 30	Aug 29	Aug 28	1985 High	1985 Low
Metals & Mins	closed	(NX)	2,886.60	2,888.41	2190.7 (13/2)	1896.0 (4/1)
Composite	closed	2,819.8	2,880.7	2,880.78	2818.9 (30/8)	2348.5 (8/1)
MONTREAL Portfolio	closed	136.87	136.40	135.77	139.33 (19/7)	117.88 (4/1)

* Indicates pre-close figure

	Sep 2	Aug 30	Aug 29	Aug 28	1985 High	1985 Low
AUSTRALIA						
All ord. (1/1/80)	937.8	937.8	945.8	946.8	958.8 (15/8)	715.3 (7/1)
Metals & Mins. (1/1/80)	528.8	524.5	537.1	534.8	583.8 (20/5)	382.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	100.25	100.13	100.76	102.81	105.73 (17/8)	85.21 (2/4)
BELGIUM						
Brussels SE (1/1/80)	2388.83	2380.69	2378.59	2370.75	2388.83 (2/9)	2098.7 (18/1)
DENMARK						
Copenhagen SE (3/1/83)	a	a	215.52	212.66	217.66 (8/8)	158.44 (8/1)
FRANCE						
CAC General (31/12/82)	223.0	222.4	222.5	221.6	233.1 (31/5)	180.8 (3/1)
Ind Tendance (28/12/84)	126.7	126.6	126.8	126.6	130.4 (31/5)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	498.10	501.50	500.67	499.80	502.82 (5/7)	382.38 (3/1)
Commerzbank (1/12/53)	1485.0	1472.6	1488.3	1489.1	1488.2 (5/7)	1111.6 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1616.17	1658.10	1652.19	1668.85	1711.51 (19/8)	1220.74 (2/1)
ITALY						
Banca Comm. Ital. (1972)	373.83	375.88	378.46	372.64	378.46 (29/8)	228.56 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	12720.84	12713.1	12728.88	12885.5	13048.10 (8/7)	11545.2 (5/1)
Tokyo SE New (4/1/68)	1018.30	1018.49	1018.60	1018.5	1055.91 (8/7)	918.83 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	221.9	220.5	218.4	217.7	221.9 (2/9)	185.6 (3/1)
ANP-CBS Indust (1970)	193.3	192.9	191.4	190.8	193.6 (22/8)	147.9 (3/1)
NORWAY						
Oslo SE (4/1/83)	358.05	353.83	358.09	355.73	380.15 (22/8)	288.18 (2/1)
SINGAPORE						
Straits Times (1966)	754.78	752.98	747.35	745.77	862.65 (7/3)	717.85 (15/7)
SOUTH AFRICA						
JSE Gold (28/9/78)	–	c	c	c	1140.9 (15/4)	838.1 (11/2)
JSE Indust (28/9/78)	–	c	c	c	1036.8 (17/7)	787.1 (7/3)
SPAIN						
Madrid SE (28/12/84)	110.81	110.55	110.72	110.72	117.41 (4/2)	101.48 (2/1)
SWEDEN						
Jacobson & P (1/1/58)	1388.10	1352.12	1337.22	1332.82	1488.98 (11/2)	1285.32 (9/7)
SWITZERLAND						
Swiss Bank Cpn. (31/12/58)	483.9	483.5	481.9	477.4	483.8 (2/9)	388.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	–	220.6	220.5	220.3	224.3 (17/7)	184.6 (4/1)

* Indicates pre-close figure ** Saturday August 31 Japan Nikkei Dow 12,718.52 TSE 1,017.58 Base values of all indices are 100 except Australia All Ordinary and Metals – 500 NYSE All Common – 50 Standard and Poors – 10 and Toronto Composite and Metals – 1000 Toronto indices based 1975 and Montreal Portfolio 4/1/83 † Excluding bonds ‡ 400 industrials § 400 industrials plus 40 Utilities Financials and 20 Transports c Closed a. Unavailable

LONDON Chief price changes (in pence unless otherwise indicated)

RISES

Amstrad	112	+12
BAT Ind	328	+13
BTR	368	+8
Burton	480	+12
Cope Allman	193	+8
Goodman Bros	18½	+3
Habitat-Mother	456	+10
ICI	684	+10
Jaguar	286	+9
KCA Drill	39	+4
Lawrence (W)	97	+17
Marley	84xd	+4
Metal Box	490	+10
Micro Bus Syst	100	+20
NatWest	678	+11
Porter Chadburn	218	+10
Rowntree Mack	415	+20
Somportex	68	+10

FALLS

British Aero	367	−11
Distillers	352	−8
GEC	184	−6
Good Relations	178xd	−15
Hall Eng	126	−10
Thorn EMI	412	−7
Vosper	208	−12

FINANCIAL TIMES

WORLD STOCK MARKETS

EUROPE

Early jitters overcome by late rally

NEWS that South Africa had frozen all foreign loan repayments until the end of the year to allow time to reschedule the nation's debt set **Frankfurt** jittering early in the session.

However, a later rally managed to recoup some losses and stocks, which recorded opening falls of as much as DM 4 with some declining more sharply, ended mixed to firmer by the close. The Commerzbank index lost 7.8 to 1,465.0.

A further depressant was the news that BASF, the chemical producer, will raise its equity capital by a nominal DM 200m through a stock offering. The announcement pulled BASF shares down DM 3.80 to DM 220.

Among other chemicals, Degussa fell DM 9 to DM 367, Bayer was off DM 3.10 to DM 318.60 and Hoechst DM 1 to DM 213. Schering rose DM 2 to DM 476.

Banks took the brunt of yesterday's losses and Deutsche shed DM 4.70 to DM 576, Dresdner DM 3 to DM 269 and Bayer-Vereinsbank DM 11 to DM 386.50. Insurer Allianz dropped DM 22 to DM 1,398.

After heavy profit-taking following last week's gains, the motor sector staged a late recovery. Daimler ended 50 pfg higher at DM 958.50, BMW also gained 50 pfg to DM 476.50, while VW lost 90 pfg to DM 334.10.

Kaufhof was the hardest hit of the retailing issues, dropping DM 2.10 to DM 293. Karstadt lost DM 1.50 to DM 261.50 and Horten DM 1 to DM 193.

Linde rebounded from opening declines to lead machine maker stocks with a DM 5 advance to DM 535. Deutsche Babcock added DM 2 to DM 169 but KHD fell DM 3 to DM 291 and MAN DM 1.50 to DM 168.

In the absence of any new factors, bonds ended a quiet session about 20 or 25 pfg easier. The Bundesbank reversed its tack on Friday, when it sold DM 23.1m worth of paper, to buy DM 65.1m yesterday.

Amsterdam firmed amid news that the stock exchange had extended its hours of trading for most listed stocks.

Wall Street and Canadian bourses were closed for Labor Day national holidays.

The bourse will now open between 8am and 2.30pm – and will update share prices on a frequent basis for the first time.

The move by the stock exchange is a bid to compete more aggressively with other European exchanges.

The Dutch want to avoid losing business *and attract new market participants.* Thus, last years the Amsterdam bourse relaxed its minimum tariff regulations in an effort to sweeten its dealing opportunities.

Publishing group Elsevier reported a rise in net profit for the first half of 1985. The issue ended steady at Fl 131.50. Buehrmann-Tetterode, the printing, packaging and paper group, gained 50 cents to Fl 104.

Among stronger internationals, Royal Dutch rose Fl 2.40 to Fl 200.10 and KLM edged 20 cents higher to Fl 62.20.

Shares firmed throughout the session in **Paris**, partially recovering Friday's losses. Trading was modest due to the closure of U.S. markets.

Financial issues were strong with Midi Cie adding FFr 154 to FFr 3,175 and in foods, Möet-Hennessy, the champagne to rosebush group, gained FFr 70 FFr 1,971.

Among shares to end lower, Redoute lost FFr 19 to FFr 1,530, Roussel-Uclaf FFr 12 to FFr 1,518 and Club Med FFr 8 to FFr 518.

The day's sharpest drops were seen in the construction sector where Maisons Phenix lost FFr 7, or 5 per cent of its price, to FFr 148.

Elf-Aquitaine, the state-controlled oil group, shed FFr 1 to FFr 205. The group announced that it is considering shutting one of its four remaining oil refineries in France.

Investors in **Zurich** took profits after last week's strong rises and shares finished mixed. The move to consolidate spread throughout all sectors of the market.

Profit-taking was particularly evident in last week's favourites such as Landis & Gyr, up SwFr 40 on Friday, but SwFr 30 lower yesterday at SwFr 2,090.

Blue chips were mostly stable, and banks managed to ride out South Africa's decision to stop loan repayments. Crédit Suisse added SwFr 10 to SwFr 3,085 while Bank Leu was steady at SwFr 3,840.

Elsewhere, Oerlikon Buehrle was unchanged at SwFr 1,640, Electrowatt rose SwFr 5 to SwFr 3,455, Ciba-Geigy added SwFr 15 to SwFr 3,410

Brussels closed moderately higher, unaffected by a possible political crisis over educational policy which threatens to topple the coalition.

Utilities, the most politically-sensitive stocks, ended mixed. Ebes ended unchanged at BFr 2,980, Intercom rose BFr 10 to BFr 2,260 while Unerg drifted BFr 5 lower to BFr 1,695.

Shares rallied in **Stockholm** after opinion polls published over the weekend indicated that the ruling Social Democrats might lose the upcoming general elections.

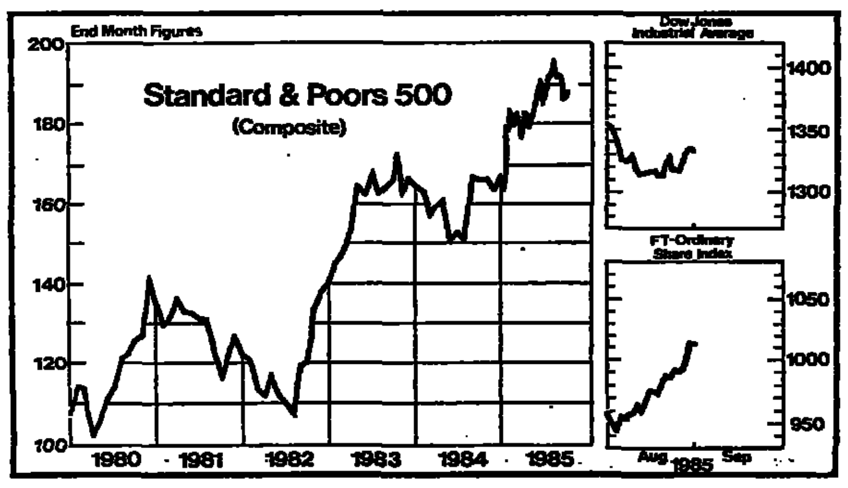
The market was also helped by recent good corporate half-year reports and speculation of a cut in interest rates before the September 15 election.

Trading was especially strong in Volvo, which reported higher half-year profits last week. The issue added SKr 4 to SKr 240.

Milan ended generally lower in featureless trading with insurance shares leading the way in an after-bourse rally.

Chemicals led the advance in **Madrid** where prices firmed in late trading.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Aug 29	Previous	Year ago
DJ Industrials	closed	1,334.01	1,224.38
DJ Transport	closed	690.66	520.51
DJ Utilities	closed	159.67	129.46
S&P Composite	closed	188.63	166.68
LONDON	Sept 2	Previous	Year ago
FT Ord	1,013.5	1,013.9	855.1
FT-SE 100	1,340.3	1,340.8	1,103.9
FT-A All-share	646.82	646.26	521.63
FT-A 500	710.76	709.72	565.94
FT Gold mines	291.7	290.7	561.4
FT-A Long gilt	10.33	10.31	10.57
TOKYO			
Nikkei-Dow	12,726.64	12,716.52	10,584.2
Tokyo SE	1,018.30	1,017.58	816.69
AUSTRALIA			
All Ord.	937.0	937.8	733.2
Metals & Mins.	526.8	524.5	460.4
AUSTRIA			
Credit Aktien	100.25	100.13	53.23
BELGIUM			
Belgian SE	2,389.63	2,380.69	–
CANADA			
Toronto			
Metals & Minls	closed	2,115.3	2,019.0
Composite	closed	2,819.9	2,388.8
Montreal			
Portfolio	closed	136.87	117.06
DENMARK			
SE	n/a	216.27	185.71
FRANCE			
CAC Gen	223.0	222.4	172.5
Ind. Tendance	126.7	126.6	92.2
WEST GERMANY			
FAZ-Aktien	498.10	501.50	341.08
Commerzbank	1,465.0	1,472.8	991.9
HONG KONG			
Hang Seng	1,616.17	1,656.10	926.78
ITALY			
Banca Comm.	373.83	375.98	220.93
NETHERLANDS			
ANP-CBS Gen	221.9	220.5	164.5
ANP-CBS Ind	193.3	192.9	129.8
NORWAY			
Oslo SE	356.05	353.63	264.16
SINGAPORE			
Straits Times	754.78	752.65	929.26
SOUTH AFRICA			
JSE Golds	–	closed	969.7
JSE Industrials	–	closed	832.6
SPAIN			
Madrid SE	110.81	110.55	98.45
SWEDEN			
J & P	1,368.10	1,352.12	1,473.97
SWITZERLAND			
Swiss Bank Ind	483.9	483.5	379.4
WORLD	Aug 30	Prev	Year ago
Capital Int'l	220.6	220.5	184.7

GOLD (per ounce)

	Sept 2	Prev
London	$334.75	$333.50
Zürich	$334.75	$334.05
Paris (fixing)	$336.80	$335.91
Luxembourg	$336.20	$338.50
New York (Oct)	closed	$335.40

* Latest available figure

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Sept 2	Previous	Sept 2	Previous
$	–	–	1.3775	1.393
DM	2.8355	2.811	3.915	3.915
Yen	238.5	238.8	329.0	332.5
FFr	8.645	8.585	11.9525	11.9525
SwFr	2.3365	2.308	3.22	3.215
Guilder	3.1885	3.154	4.4	3.215
Lira	1,894.25	1,876.0	2,613.0	2,612.0
BFr	57.3	56.9	79.1	79.2
C$	1.36925	1.36465	1.893	1.901

INTEREST RATES

	Sept 2	Prev
Euro-currencies (3-month offered rate)		
£	11⅜	11⅜
SwFr	4 11/16	4 11/16
DM	4 11/16	4⅝
FFr	10⅞	10⅞
FT London Interbank fixing (offered rate)		
3-month U.S.$	8⅛	8 3/16
6-month U.S.$	8 7/16	8⅛
U.S. Fed Funds	closed	8
U.S. 3-month CDs	closed	7.70
U.S. 3-month T-bills	closed	7.165

U.S BONDS

Treasury		Aug 29* Price	Yield	Prev Price	Yield
8⅞	1987	100 9/32	8.823	100 9/32	8.84
10⅜	1992	102	9.954	101 29/32	9.99
10½	1995	102 19/32	10.095	102 7/32	10.14
10⅝	2015	102 15/32	10.352	102 5/32	10.40

Corporate	Aug 29* Price	Yield	Prev Price	Yield
AT & T				
10⅜ June 1990	100⅜	10.10	100⅜	10.10
3⅞ July 1990	82⅝	8.25	82⅝	8.25
8¾ May 2000	83¾	10.85	83¾	10.85
Xerox				
10⅞ March 1993	100⅞	10.45	100⅞	10.45
Diamond Shamrock				
10⅜ May 1993	100⅜	10.50	100⅜	10.50
Federated Dept Stores				
10⅜ May 2013	95.500	11.15	95.500	11.15
Abbot Lab				
11.80 Feb 2013	103.748	11.35	103.748	11.35
Alcoa				
12¼ Dec 2012	101⅞	12.00	101⅞	12.00

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	77-04	77-27	77-01	78-02
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	92.96	93.04	92.95	93.07
Certificates of Deposit (IMM) $1m points of 100%				
Sept	92.19	92.27	92.18	92.33
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	91.83	91.88	91.81	91.90
20-year Notional Gilt £50,000 32nds of 100%				
Sept	111-28	112-02	111-25	112-04

COMMODITIES

(London)	Sept 2	Prev
Silver (spot fixing)	449.00p	446.55p
Copper (cash)	£1,011.00	£1,005.25
Coffee (Sept)	£1,584.00	£1,582.00
Oil (spot Arabian Light)	$27.80	$26.20

SOUTH AFRICA

Resumption ushers sharp slide

MINING and industrial stocks closed sharply lower during light trading in Johannesburg when business resumed after the suspension imposed by the Government last Tuesday expired.

Investors expressed extreme caution about entering the market following the Government's latest moves to prop up confidence through tightening exchange controls on residents and the reintroduction of exchange controls on non-residents.

Among the market's leaders, Randfontein was pushed down R9 from its pre-suspension level to close at R198, while Vaal Reefs lost R5 to R185.50. Kloof, one of the companies hit by the miners' strike, shed R4 to R76.50.

Cheaper gold stocks were also under pressure. Beatrix which has been affected by civil disturbances at its mine eased 35 cents to R7.35 and Grootvlei dropped 60 cents to R13.50.

Among mining houses, Anglo American, the country's largest, slid R1.50 to R30, while De Beers lost R1.03 to R11.45.

Industrial stocks eased in sympathy in nervous trading. Premier Group fell 25 cents to R19.25 and Sasol registered a similar fall to R7.25.

HONG KONG

A RISE in the prime rate of two major local banks depressed trading in Hong Kong and clipped 39.93 off the Hang Seng index to 1,616.17 – its lowest level since July 12.

Prices continued to fall throughout the session after a weak first hour's trading which saw the indicator ease 20 during relatively heavy trading.

Despite favourable interim results, Swire Pacific dropped 60 cents to HK$25.40 and Cheung Kong eased the same amount to HK$18.0.

Investors' concern grew following the suspension of trading in Orient Overseas amid rumors of debt rescheduling and a capital injection. Last Friday its shares closed 4 cents higher at HK$1.99.

SINGAPORE

PROFIT-TAKING weakened the firm opening tone in Singapore which was inspired by a lowering of taxes on petrol and a tax rebate on commercial and industrial properties.

Despite the arrival of selling pressure, the Straits Times index firmed 2.13 to 754.78 on a substantially lower turnover of 15.6m shares.

Among advances, Cold Storage added 10 cents to S$2.79, Cycle and Carriage 6 cents to S$3.12 and Singapore Press 5 cents to S$5.60.

Losers included ICS down 10 cents to S$5.60, Genting 5 cents to S$5.70 and General Lumber 4 cents to S$1.39.

TOKYO

Hesitation grows on sidelines

A SLIGHT improvement developed during trading in Tokyo yesterday although activity was lacklustre as investors retreated to the sidelines, uncertain about the market direction, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average gained 10.12 from last week's close to 12,726.64. Volume dropped from last Friday's 447.45m shares to 339.74m shares. Advances outpaced declines by 404 to 360, with 151 issues unchanged.

Investors were concerned about a number of trade retaliation bills directed at Japan in the U.S. Congress. Another bearish factor was the yen's fall against the U.S. dollar in Tokyo, breaking the barrier of 238, while responding to the rise in U.S. interest rates last Friday.

However, the major cause of the weak tone was investors' hesitancy to buy more domestic demand-related issues, notably construction stock, which had been leading market activity.

On the trading floor, Mitsubishi Heavy Industries topped the active list *as 54.48m shares changed hands while it* gained Y11 to a record Y410, supported by buying from corporations and investment trusts. But the issue came under selling pressure later to finish Y7 higher at Y406.

Sumitomo Chemical, the second busiest stock with 9.73m shares traded, rose Y2 to Y267. Kobe Steel added Y8 to Y200 and Nippon Steel Y1 to Y177. Kobe had the third largest turnover with 9.09m shares and Nippon Steel fourth with 8.71m.

Issues which stand to benefit from increased capital spending by nine electric power companies also advanced. The Ministry of International Trade and Industry (Miti) reportedly requested the power firms to add Y300bn to their planned capital spending of Y3, 120bn for the current fiscal year. Takaoka Electric jumped Y22 to Y379, Meidensha Electric Y24 to Y509 and Osaka Transformer Y13 to Y471.

Among biotechnology issues, Kynwa Hakko became the sixth most active issue with 6.65m shares, but closed Y10 lower at Y1,050. Meiji Seika ended at Y566, down Y4, after gaining Y11.

Construction issues fared poorly, although Taihei Kogyo rose Y8 to Y770 and Obbayashi Y4 to Y440.

Minebea fluctuated violently, attracting speculative interest following earlier reports that Trafalgar Holdings of the U.S. planned a takeover bid against the Japanese precision ball-bearing maker. *Minebea closed at Y790, up Y15.*

Bond prices rebounded after opening lower under selling pressure triggered by the weakness of the U.S. bond market last weekend. The yield on 6.8 per cent government bonds, maturing in December 1994, rose to 6.195 per cent at one point. Later, however, institutional investors stepped up buying in small lots to push down the yield to 6.160 per cent, compared with last Saturday's 6.155 per cent.

AUSTRALIA

A DECLINE in the tempo of trading accompanied a slight fall in the prices of leading mining and industrial issues in Sydney. After remaining within a narrow band for most of the day, the Sydney all-ordinaries index eased late to *close 0.8 lower at 937.0.*

Strong profit results buoyed selected stocks with Boral's announcement of a 24 per cent annual profit increase pushing the shares 6 cents higher to A$3.52. APM's 19 per cent earnings rise helped the stock add 1 cent to A$2.77.

BHP also moved against the trend to firm 2 cents to A$7.08 amid further active trading.

Gold stocks were weaker after their recent strength. GMK eased 10 cents to A$11.60, Kidston 4 cents to A$5.80 and Niugini 5 cents to A$2.90.

Banks were mixed. ANZ fell 2 cents to A$4.70 while National Australia firmed 2 cents to A$4.64 and Westpac 1 cent to A$4.43.

LONDON

Firm tone at start of new account

TENTATIVE TRADING left a broad range of industrial stocks unchanged in London yesterday at the start of a new account, although the underlying tone remained relatively firm.

Warnings by the Confederation of British Industry about the potentially damaging effect of a strong pound on the UK's economic recovery appeared to dampen confidence expressed during early trading after the recent strong advance.

However, continued takeover speculation among selected equity leaders and light support for certain international stocks as sterling drifted lower against the dollar kept the market steady.

Illustrating this trend, the FT Ordinary share index which was down 2 during mid-morning business gradually recovered to finish only 0.4 lower at 1,013.5.

Distillers was again actively traded following further rumours that the company may be the target of a takeover bid. The stock eased 8p to 352p.

The announcement of a four-month freeze on loan repayments by South Africa unsettled bank shares with most lightly traded on small price movements.

Oil stocks traded on a much quieter tone after *last* week's surge of activity

Trade in the gilt market remained at an extremely low level with quotations drifting lower in sympathy with an easier trend in sterling and a subsequent hardening of short-term interest rates.

Falls in short-dated stocks ranged to ⅛ and occasionally more, while losses of ¼ were general throughout the longer maturities.

Chief price changes, Page 29; Details, Page 28; Share information service, Pages 26-28.